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# World Financial Markets

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*Table 1*

*Unemployment*

*percent of labor force, national definitions*

| | 1979 | 1983 | 1984* |
|---|---|---|---|
| *United States* | 5.9 | 9.6 | 7.6 |
| *Japan* | 2.1 | 2.6 | 2.7 |
| *Canada* | 7.4 | 11.9 | 11.4 |
| *Western Europe* | 5.1 | 9.8 | 11.8 |
| *Germany* | 3.8 | 9.1 | 9.2 |
| *France* | 5.9 | 8.7 | 9.7 |
| *United Kingdom* | 5.1 | 12.3 | 12.7 |
| *Italy* | 7.7 | 9.9 | 10.5 |
| *Belgium* | 7.1 | 12.1 | 12.3 |
| *Denmark* | 6.1 | 10.7 | 10.6 |
| *Ireland* | 9.3 | 20.9 | 23.0 |
| *Netherlands* | 5.1 | 17.1 | 17.8 |
| *Spain* | 9.2 | 17.8 | 20.1 |
| *Sweden* | 2.1 | 3.5 | 3 1 |

*Average, January through latest available date.

## *Help wanted in Europe*

European unemployment has to be rated a major dislocation in the world economy today. Its stubborn persistence and sheer high level are just as troubling as the much debated issues of LDC debt and the U.S. budget and trade deficits. Unemployment rates presently range from 9% to 13% in the four major European countries and exceed 20% in some of the smaller economies (see Table 1). Prospects for a significant near-term decline in unemployment are slim.

Europe's drift toward higher levels of unemployment emerged after the first oil shock and turned to flood tide after the second. Not only is European unemployment now substantially higher than in the late 1970s but Europe's record has deteriorated relative to the United States, where joblessness used to be chronically higher. Furthermore, with economic recovery, the U.S. unemployment rate has dropped sharply, whereas in Europe, despite some comeback in output, joblessness has edged higher, or at best has stabilized since the 1981-82 recession.

Low unemployment used to be an important policy goal for European governments. Many now despair of achieving actual reductions in the jobless rolls over the remainder of the decade and seek only to prevent further increases. Confidence is lacking in the employment benefits of expansionary demand policies. Expansionary policies have not been in favor since the 1978 Bonn economic summit of leading industrial countries, when Europe and Japan embraced the "locomotive" strategy for growth. Although economic growth then duly accelerated, the second oil shock and the ensuing inflationary surge have discredited that strategy in the view of many European governments. Policymakers in the 1980s have been preoccupied with curbing inflation, correcting external trade imbalances, and cutting fiscal deficits.

When the economic summit returns to Bonn in 1985, European unemployment should be a topmost concern. Even though social safety nets make chronic high unemployment less painful than in the 1930s, it still engenders social, political, and economic tension. Without a healthy European economy, the solution of other economic problems, such as third world debt and the U.S. trade deficit, becomes far more difficult.

There are no quick and easy answers for reducing European unemployment. Slow economic growth, structural rigidities, and self-defeat-

Table 2

### Growth in total labor force

*annual average, percent*

| | 1975-79 | 1979-82 | 1983 |
|---|---|---|---|
| United States | 2.8 | 1.6 | 1.2 |
| Canada | 3.0 | 2.1 | 1.9 |
| Japan | 1.3 | 1.0 | 2.0 |
| Western Europe | 0.7 | 0.8 | 0.6 |
| Germany | 0.0 | 0.7 | —0.1 |
| France | 0.9 | 0.5 | —0.5 |
| United Kingdom | 0.7 | 0.0 | 0.3 |
| Italy | 1.3 | 1.0 | 0.9 |
| Belgium | 0.8 | 0.3 | 0.5 |
| Denmark | 1.4 | 0.9 | 1.1 |
| Netherlands | 2.0 | 2.1 | 0.9 |
| Sweden | 0.8 | 0.7 | 0.4 |

Source: OECD.

ing institutional arrangements — particularly in the labor markets — have all contributed to the rapid rise in unemployment. Structural rigidities, coupled with still strong economic nationalism and protectionism, also underlie Europe's increasing sense of technological inferiority vis-à-vis Japan and the United States. Some even fear that if Europe fails to tackle these problems, it will wind up in the "ash can" of industrial history.

In the quarter century since the signing of the Treaty of Rome that established the European Community (EC), the EC has earned handsome returns in economic growth and political security for the Western world. Yet a rewrite of the treaty may now be overdue. Europe urgently requires a new economic and social program to revitalize its economy, create jobs, and enable it to participate fully in the postindustrial revolution.

Such a program must be promoted, not within narrow national bounds, but on a pan-European level that allows exploitation of large combined markets. A true Common Market, extending to services and high technology and with subsidies to agriculture and other uncompetitive sectors scaled back, has the potential to galvanize European energies once again. Thus what Thatcherism and Reaganomics have shown about the importance of private enterprise and initiative has to be translated to the European institutional context. Policies that promote labor market adjustment and redirection into sunrise industries will provide a rich bonus of jobs and economic growth. With a conducive environment for investment at home, the outflow of capital from Europe to the United States should slow and the dollar might give up some part of its super strength. Both developments would assist correction of the U.S. trade deficit. Thus there is great potential economic payoff from positive policies in Europe. There could be still greater dividends for the free world at large once Europe gets back on the road to constructive economic and political union.

Table 3

### Labor force participation

*active labor force as percent of population of working age*

| | Men | | | Women | | |
|---|---|---|---|---|---|---|
| | 1975 | 1979 | 1983 | 1975 | 1979 | 1983 |
| United States | 84.7 | 85.1 | 84.7 | 53.2 | 58.9 | 61.9 |
| Canada | 86.2 | 86.2 | 85.0 | 50.0 | 55.5 | 60.3 |
| Japan | 89.7 | 89.2 | 89.1 | 51.7 | 54.7 | 57.2 |
| Western Europe | 87.3 | 84.8 | 82.2 | 45.7 | 47.9 | 48.7 |
| Germany | 87.0 | 84.5 | 80.0 | 49.6 | 49.6 | 49.6 |
| France | 84.4 | 83.2 | 79.4 | 49.9 | 52.5 | 52.1 |
| United Kingdom | 92.2 | 90.6 | 87.9 | 55.3 | 58.2 | 57.5 |
| Italy | 84.2 | 82.7 | 81.0 | 34.6 | 38.8 | 40.8 |
| Belgium | 83.7 | 80.9 | 79.4 | 43.9 | 47.3 | 49.4 |
| Denmark | 89.8 | 89.6 | 89.2 | 63.5 | 69.9 | 72.5 |
| Ireland | 88.5 | 87.3 | 86.5 | 34.8 | 35.2 | 36.2 |
| Netherlands | 83.2 | 79.0 | 80.3 | 31.0 | 33.4 | 38.7 |
| Spain | 91.3 | 82.6 | 79.3 | 31.6 | 32.4 | 33.1 |
| Sweden | 89.2 | 87.9 | 85.9 | 67.6 | 72.8 | 76.6 |

Source: OECD.

### *The stagnant job market*

Europe's unemployment problem surfaced in the mid-1970s. From 1975 through 1980 total employment in Europe increased by 2.8 million, sufficient to absorb little more than 40% of the increase in the labor force. In the United States and Japan, by contrast, total employment increased by 13.4 million and 3.1 million, respectively, in both cases absorbing the entire increase in the labor force. The recession following the second oil shock pushed European unemployment dramatically higher. Overall employment in the EC fell by close to 3 million, or 2.7%, between 1980 and early 1983. Industrial employment alone fell 11.7%. The subsequent economic recovery has yet to make a dent in the figures.

*Table 4*

### *Long-term unemployment*

*workers unemployed 12 months or longer as percent of total unemployment*

| | 1979 | 1983 |
|---|---|---|
| *United States* | 4.2 | 13.3 |
| *Canada* | 3.5 | 9.5 |
| *Japan* | 17.2 | 14.3* |
| *Germany* | 19.9 | 28.5 |
| *France* | 30.3 | 42.6 |
| *United Kingdom* | 24.5 | 36.2 |
| *Belgium* | 58.0 | 62.6 |
| *Netherlands* | 27.1 | 43.7 |
| *Spain* | 27.5 | 53.8 |
| *Sweden* | 6.8 | 10.1 |

*1982.
Source: OECD

*Table 5*

### *Youth unemployment*

*percent of labor force under 24 years of age*

| | 1979 | 1983 | 1984 |
|---|---|---|---|
| *United States* | 11.3 | 16.4 | 13.0 |
| *Canada* | 13.0 | 19.9 | 19.0 |
| *Japan* | 3.4 | 4.5 | 4.8 |
| *Germany* | 3.4 | 10.8 | 10.3 |
| *France* | 13.3 | 21.0 | 26.1 |
| *United Kingdom* | 10.6 | 23.2 | 21.8 |
| *Italy* | 25.6 | 32.0 | 33.5 |
| *Sweden* | 5.0 | 8.0 | 7.5 |
| *Spain* | 22.3 | 38.9 | 41.3 |

The U.S. unemployment picture has been helped by a slowing in the rate of increase in the labor force since 1979 (see Table 2). European labor force growth has displayed no such deceleration. However, the expansion of the active labor force has been held down by a rapid decline in the participation rate, especially on the part of older males (see Table 3). Male participation has declined not only through the effects of early retirement schemes but also because poor employment prospects have prompted workers to drop out of the labor market.

The participation statistics suggest that the active labor force will continue to grow even after the working-age population begins to decline. Better employment prospects would lure discouraged workers back into the labor force. Moreover, rising female participation rates could well add substantially to labor force growth. Female participation rates have already risen significantly since the mid-1970s. Further increases are likely, especially in countries such as the Netherlands and Ireland that now have extremely high unemployment rates but relatively low female participation rates. Thus, European unemployment is not just a matter of short-range demographics but a profound structural condition.

Moreover, the increasingly long-term character of unemployment has insidious social costs, especially for young people (see Tables 4 and 5). Youth unemployment rates have risen sharply in Europe and range from 20% to over 30% in most countries. Even in Germany, where youth long enjoyed ready access to employment through apprenticeships and other on-the-job training, the youth unemployment rate has more than tripled since 1979 and is now around 10%. Young people who cannot find work early in their careers face immense difficulties later in a modern economy. Unless they are able to develop job skills and work experience, their expected earnings will be curtailed throughout their working lives.

### *Labor market failings*

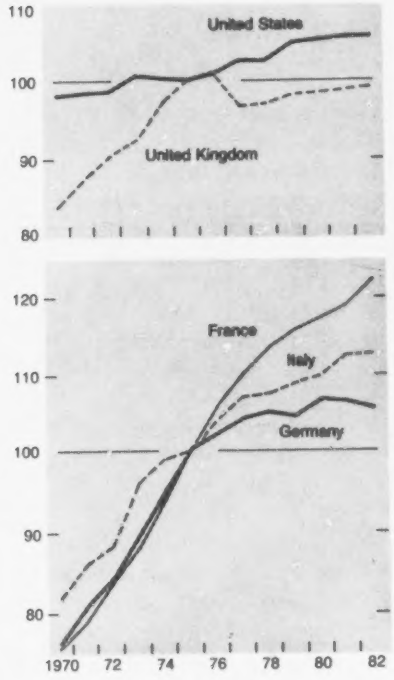
The institutional structure of European labor markets has played a key role in Europe's employment problem. This first became evident in the late 1970s, when Europe's unemployment rose despite economic growth. At that time, most commentary lauded Europe's superior labor productivity gains by comparison with the faltering performance of the United States. Now, the productivity contrast attracts less notice than the disparate employment record. Structural impediments to job growth in Europe include: job protection statutes; inflexible work arrangements and work force immobility; government policies that burden employers with heavy social charges on employment; and excessive increases in real labor costs.

Although intended to protect workers, legal procedures that make layoffs difficult — and sometimes all but impossible — are actually counterproductive. Such rules bias firms toward minimizing labor use at all times, lest they be forced to carry excess labor during periods of demand weakness. These rules also contribute to the large proportion of long-term unemployment, since labor that has been laid off is unlikely to be recalled to meet short-term increases in demand. In addition, restrictions on the use of part-time workers and overtime encourage a labor-saving bias in investment. Companies install excess capacity to meet surges in demand, in preference to hiring new workers. These biases hit young workers especially hard, since employers are reluctant in any event to take them on in un-

Chart 1

*Real hourly wage costs*

*Indices, 1975 = 100*




certain times, the more so when their initial productivity falls short of mandated compensation.

Most European governments now recognize that these labor market rigidities raise unemployment. Yet they are not always able to resist political pressures for still greater interference with the market. Some countries, for example, have legislated reductions in the workweek, ostensibly to promote employment. But unless, as in the Netherlands, reduced working hours are accompanied by commensurately lower wages, the consequences are to boost real labor costs and thereby to destroy jobs. Most countries, however, now are seeking to introduce more flexibility in the labor markets. Restrictions on part-time work and overtime are being relaxed. Job security provisions are being loosened, if only slightly. Governments, particularly in the United Kingdom, are standing up more effectively to labor union demands. All across Europe, unions face tougher bargaining in both the private and public sectors.

Since oil prices began to increase in the early 1970s, a steep increase in labor costs has been an important factor sapping the employment potential of European economies. Cost-of-living escalators preserved real wages in the face of the terms-of-trade deterioration. In Europe, the transfer of wealth and income entailed by the increase in oil prices came at the expense of profits, not wages. Labor use declined as its price increased relative to capital, aggravated by the widespread use of general and targeted investment subsidies. Labor cost problems were heightened by increased social charges and indirect taxes such as social security levies, which typically are a much higher multiple of wage costs in Europe than in Japan or the United States. The pervasive social welfare system is financed, in many cases, through charges on labor use. Only in recent years have these social levies on labor use been reduced or stabilized.

Even so, labor costs have increased very sharply in Europe. Real labor costs per employee rose 2.1% a year from 1973 to 1983 in the EC compared with a 0.5% annual increase in the United States. In the United Kingdom, real labor costs climbed rapidly in the first half of the 1970s. Under the influence of high unemployment, they subsequently stabilized. On the continent, real wage moderation has only taken hold since the second oil shock (see Chart 1).

The major cumulative increase in European labor costs over the past decade has made labor productivity gains a necessity for business survival: thus, real GDP per employed worker rose 1.9% a year in the EC during the ten years ended 1983. The increased productivity was achieved by substitution of capital for labor, as capital per worker rose 3.0% a year. The increased use of capital helped depress its rate of return by 1.8% a year, even before adjustment for inflation.

The decline in European business profitability was hardly conducive to employment gains. However, since the end of the recession in 1982 there has been a sharp recovery in profitability, aided by much reduced nominal wage increases and the shedding of excess labor. In Germany the share of profits in GDP has risen to about 22%, distinctly above the 19%-20% typical of the early 1980s. Similarly, in France the ratio is now about 13.5%, compared with 12% in 1982. Profits also have recovered in the United Kingdom. Gross trading profits of U.K. companies rose to over 17% of GDF by the end of 1983 from under 13% at the start of 1982.

The upturn in profitability may not mark a permanent reversal of the earlier adverse trend. It remains to

be seen whether profitability can remain high once the process of work force rationalization is completed and the European economies recover fully. Yet unless the improvement in profitability is sustained, there will be scant incentive for business to switch from cost-reducing investment to capital-widening projects that create jobs.

### *Jobs, technology, and the "common" market*

Europe's employment problems are aggravated by the continuing need for industrial restructuring in heavy industries such as steel, chemicals, shipbuilding, and even automobiles. Comparative advantage in producing these products is shifting to the newly industrializing countries (NICs). Efficient specialization at a global economic level implies that the NICs should concentrate over time on these sectors while Europe, Japan, and the United States, with their vast reserves of human capital and scientific know-how, stress services and high-technology "cutting edge" sectors. This is reminiscent of the earlier shift of comparative advantage in the production of textiles and leather products.

Understandably, neither Europe nor the United States has taken up the challenge with wholehearted enthusiasm. But there is growing recognition that protection cannot stave off restructuring indefinitely, although such recognition has by no means stemmed protectionist impulses. Europe, however, faces several impediments to successful adjustment that are much less troublesome for the United States. First, European integration has not proceeded to the point where restructuring can occur at an efficient pan-European level. Rather, the particular interests of each national economy must still be taken into consideration, leading to acrimonious conflict over internal market shares and procrastination over capacity reduction. The United States, in contrast, can restructure its industries at a continental level, retaining only the most efficient plants across the country.

Second, the slow economic growth trend in Europe makes it difficult to find new jobs for displaced workers. There are few industries that find demand growing so fast as to require new jobs, in contrast to the more dynamic U.S. growth path.

Third, the tradition of state participation and direction, as well as the dominance of large "national champion" companies, has made it difficult for Europe to take advantage of the explosion of high-tech products. Bureaucracy and government regulation favor large-scale undertakings. However, these are usually heavily unionized and still have compelling reasons to reduce their labor costs. Moreover, their track record in innovation has often proven indifferent. The problem is not so much the scale and competence of basic research as the absence of ready communication and job mobility between universities and businesses in Europe. This handicaps the commercialization of research. Meanwhile, big companies often judge the development of markets for new products to be less worthwhile than the sustenance of their established interests.

Fourth, U.S. experience shows that small entrepreneurial businesses have a comparative advantage in innovation. They also have proved the main source of employment gains. The ready availability of venture capital, plus entrepreneurial spirit and experience, has facilitated rapid exploitation of new products and technologies. Once the market for the new products has been demonstrated, often on a high-cost basis

*Table 6*

### *Real GNP growth*

*annual average, percent*

| | 1973-79 | 1979-83 | 1984 | 1985 |
|---|---|---|---|---|
| *United States* | 2.8 | 0.9 | 6.7 | 3.6 |
| *Canada* | 3.2 | 0.7 | 4.2 | 2.5 |
| *Japan* | 3.7 | 3.8 | 5.3 | 4.5 |
| *Western Europe* | 2.4 | 0.8 | 2.2 | 2.5 |
| *Germany* | 2.4 | 0.4 | 2.4 | 2.5 |
| *France* | 3.1 | 1.0 | 1.9 | 2.5 |
| *United Kingdom* | 1.4 | 0.6 | 2.2 | 3.0 |
| *Italy* | 2.6 | 0.6 | 2.5 | 2.5 |
| *Belgium* | 2.4 | 0.8 | 1.5 | 2.0 |
| *Denmark* | 2.1 | 1.1 | 3.5 | 3.0 |
| *Netherlands* | 3.3 | —0.1 | 2.5 | 2.5 |
| *Sweden* | 1.8 | 0.9 | 2.8 | 2.0 |

Source: OECD.

at the outset, big corporations have been able to come in with large-scale production methods that reduce costs dramatically.

The personal computer industry provides an illustration. Before the Apple II and other personal computers were developed and marketed in the United States, a small microcomputer was developed in France. Unfortunately, it languished for lack of application. The explosion in the U.S. personal computer industry was not only the result of the marketing of a specific computer but also depended crucially on the quick response of many small innovative concerns in developing software. The booming demand for these products paved the way for many more small businesses and the entry of large corporations.

By comparison with the United States, Europe offers a discouraging climate for small entrepreneurs. Notwithstanding the recent vogue for venture capital schemes, small companies face major difficulties in procuring start-up capital. They are often deterred from even trying to get started. Punitive bankruptcy statutes in some countries render the risk of business failure unacceptably costly. In addition, small businesses are particularly handicapped by Europe's labor market rigidities. Flexibility is crucial to entrepreneurial survival.

Fifth, just as they impede efficient rationalization of declining industries, the remaining economic barriers between the nations of the "uncommon" European market hamper Europe's competitiveness in high-technology sectors. As is most evident in telecommunications, national markets are too small to permit economies of scale in research, production, and marketing. Incompatible national standards inhibit intra-European trade, as does the tradition of strict national protectionism in government procurement. Moreover, even at a national level, there is a reluctance to deregulate (communications are organized as public monopolies or, in the case of the newly "privatized" British Telecom, as a private monopoly under close government direction). Indeed, some Europeans make no secret of their hopes that U.S. deregulation of communications will fail and thus reduce pressure for deregulation in Europe. More generally, public ownership of large industrial concerns makes it difficult to integrate national markets because other countries are reluctant to allow free access to foreign public entities.

In responding to the American and Japanese challenge, the governmental reflex has been to shelter the European market from foreign competition — for example, by adopting technical standards incompatible with those in the United States or Japan and by forming cartels to share out the market among European concerns. The market-oriented preference of the competitive private sector is the formation of alliances with American and Japanese competitors. This private-sector strategy helps ensure continued access to front-line technology as well as to the fast growing world market. Breaking down the national identity of firms via such alliances may lead in the long run to more genuine integration of European markets than will the politically sponsored cartel approach.

Sixth, the promise of high-tech industries for increasing economic efficiency and job creation in Europe lies less in manufacturing than in the application of new technology to the service sector, for which private demand is likely to grow fastest. Hitherto, strict regulation of service markets at the national level has hampered their growth not only in new technologies but also in traditional areas. Allowing more flexibility in shopping hours, for exam-

*Table 7*

### *Consumer price inflation*

*percent, December-December*

| | 1980 | 1984 | 1985 |
|---|---|---|---|
| *United States* | 12.4 | 4.2 | 4.9 |
| *Canada* | 11.2 | 4.0 | 4.0 |
| *Japan* | 7.0 | 2.5 | 2.5 |
| *Western Europe* | 11.9 | 5.9 | 5.6 |
| *Germany* | 5.5 | 1.9 | 2.0 |
| *France* | 13.7 | 7.0 | 6.5 |
| *United Kingdom* | 15.1 | 5.0 | 5.5 |
| *Italy* | 21.2 | 9.0 | 8.5 |
| *Belgium* | 7.5 | 6.0 | 6.0 |
| *Denmark* | 10.9 | 6.0 | 5.0 |
| *Netherlands* | 6.7 | 3.3 | 3.0 |
| *Sweden* | 14.0 | 7.5 | 6.5 |

*Table 8*

### *Current account balances*

*billions of dollars*

| | 1980 | 1984 | 1985 |
|---|---|---|---|
| *United States* | 1.9 | —105.0 | —120.0 |
| *Canada* | —1.0 | 1.0 | 1.2 |
| *Japan* | —10.6 | 34.0 | 36.0 |
| *Western Europe* | —53.8 | 6.0 | 8.0 |
| *Germany* | —15.8 | 3.8 | 5.5 |
| *France* | —4.2 | —1.9 | —2.2 |
| *United Kingdom* | 8.4 | —1.0 | 1.0 |
| *Italy* | —9.8 | —0.4 | —1.5 |
| *Belgium* | —5.0 | 1.2 | 1.6 |
| *Denmark* | —2.4 | —1.7 | —1.4 |
| *Netherlands* | —2.6 | 3.2 | 4.3 |
| *Sweden* | —4.5 | 0.5 | —0.5 |

ple, could permit substantial gains in retail employment. It also would better accommodate the needs of working people.

Finally, advances in technology are rapidly increasing the potential economic gains from integration of national markets for telecommunications, information, insurance and other financial services. Here too Europe has far to go in achieving full liberalization. Yet these are precisely the sectors in which large-scale employment gains can be reaped in the years ahead. However, such gains will not be realized until European policies resume their former orientation toward economic growth.

### *European policies: fighting inflation and deficits*

The escalation in Europe's unemployment owes much to the slow economic growth that has accompanied a shift in the goals of macroeconomic policy (see Table 6). The European economies during the past four years have been growing far below their previous trends. The unemployment penalty from low growth is severe. For example, economic growth by one percentage point per annum *below trend* increases unemployment by 0.2 percentage points *per annum* in the United Kingdom and 0.3 percentage points in Germany.

Until the late 1970s most European governments dedicated monetary and fiscal policies primarily to the fostering of economic growth and employment expansion. Since the second oil shock in 1979, by contrast, European macroeconomic policies have subordinated growth and employment objectives to the reduction of inflation, and of current account and fiscal deficits.

Inflation has now been significantly reduced in almost all European countries compared with the 1970s (see Table 7). Whereas inflation declined substantially after the first oil shock in some countries, in others it persisted at a fast clip. Now inflation has been brought down not only in the low inflation countries but also in those with high inflation rates. The most dramatic example is the United Kingdom, where inflation after the first oil shock troughed at 7.4% and subsequently soared well over 20% in 1980. In 1984, by contrast, British inflation should be no more than 5%. Inflation also is declining in France and Italy, where it had remained at high levels in the second half of the seventies. Meanwhile, Germany's inflation has fallen below 2%.

As for external deficits, the challenge at the beginning of the decade was to correct the large imbalances triggered by the rise in oil prices and by the speedup in economic growth stimulated by the locomotive strategy. The European current account position, in surplus by $20 billion in 1978, plunged into deficit by $54 billion in 1980 (see Table 8). Since then, slow economic growth and exchange rate depreciation have helped reduce these external imbalances. An overall current account surplus of $6 billion is expected in Europe this year, rising somewhat higher in 1985. However, the ability of those countries still in deficit to cut their imbalances further without restraining domestic growth is limited by the moderate economic growth in the larger European economies, the principal markets for their exports.

The main instrument for inflation and deficit reduction in Europe has been tight monetary policy. When inflation accelerated in 1980, growth in the monetary aggregates was curtailed. The shift by the United States to resolute inflation fighting and high interest rates created additional pressures for tighter European

Table 9

### General government financial balances

*as percent of GNP*

| | 1974 | 1979 | 1984 |
|---|---|---|---|
| United States | —0.3 | 0.6 | —3.2 |
| Canada | 1.9 | —1.8 | —6.0 |
| Japan | 0.4 | —4.8 | —2.2 |
| Western Europe | —1.7 | —3.2 | —4.4 |
| Germany | —1.3 | —2.7 | —1.7 |
| France | 0.6 | —0.7 | —3.5 |
| United Kingdom | —3.7 | —3.2 | —3.1 |
| Italy | —8.1 | —9.5 | —13.5 |
| Belgium | —2.6 | —7.0 | —11.2 |
| Denmark | 3.1 | —1.9 | —4.9 |
| Netherlands | —0.4 | —4.0 | —5.9 |
| Sweden | 2.0 | —3.0 | —3.5 |

Source: OECD.

Table 10

### Structural budget balances

*general government, as percent of potential GNP*

| | 1974 | 1979 | 1984 |
|---|---|---|---|
| United States | 0.7 | 1.2 | —0.7 |
| Canada | 1.1 | —1.6 | —2.4 |
| Japan | 0.7 | —4.3 | —1.7 |
| Western Europe | —1.6 | —2.9 | —1.5 |
| Germany | —0.5 | —2.3 | 1.4 |
| France | 0.7 | —0.8 | —0.0 |
| United Kingdom | —3.7 | —3.2 | 1.5 |
| Italy | —8.1 | —9.7 | —10.5 |
| Belgium | —4.4 | —7.4 | —5.0 |
| Denmark | 3.9 | —1.9 | —4.3 |
| Netherlands | —1.1 | —1.3 | —0.9 |
| Sweden | 0.8 | —1.7 | —1.0 |

Table 11

### General government debt

*percent of GNP*

| | 1974 | 1979 | 1984 |
|---|---|---|---|
| United States | 41.3 | 39.8 | 46.0 |
| Canada | 44.4 | 46.7 | 58.1 |
| Japan | 17.9 | 47.6 | 67.7 |
| Germany | 19.7 | 30.6 | 40.7 |
| France | 24.7 | 26.3 | 36.6 |
| United Kingdom | 70.3 | 56.0 | 55.3 |
| Italy | 57.7 | 68.1 | 85.3 |

Source: OECD.

monetary policies in an effort to limit exchange rate depreciation and imported inflation.

Tight monetary policy in Europe was reinforced by a shift to more restrictive fiscal policy. Unlike the United States, which moved toward fiscal expansion in 1981, European governments felt that the fiscal stimulation of the 1970s had to be reversed. Governments also sought to curb the role and size of the public sector to lessen the drain of resources and savings from the private sector. Thus, there was no acknowledged scope for expansionary fiscal policies, not even through tax cuts.

European fiscal positions moved into deficit during the recession following the first oil shock (see Table 9). These deficits were reduced somewhat in the subsequent years. Fiscal consolidation was pursued throughout the late 1970s in the United Kingdom. On the continent however, deficits rose sharply between 1979 and 1981 as the economies moved into recession again. By 1981 European budget deficits averaged 4.5% of GDP, compared to 3.2% in 1979.

Since 1981 budget deficits have stabilized in many countries and have diminished substantially in others, notably in Germany and the United Kingdom. The change in Europe's fiscal stance is even more dramatic when allowance is made for the cyclical position: between 1979 and 1984 structural budget deficits were reduced on average by almost 1.5% of GDP (see Table 10). Even so, government debt to GDP ratios in most European countries have continued to rise and currently average considerably higher than the much criticized government debt burden of the United States (see Table 11).

For the most part, Europe's fiscal consolidation has not achieved a reduction in the role of government, which was a major policy goal. Government outlays have continued to increase faster than GDP, now accounting for over 50% of GDP in the four major European countries, compared with 40% ten years ago. Deficit containment has required a steep rise in the tax burden. Government current receipts presently exceed 45% of GDP, compared with 39% in 1974. Genuine limitation of the public sector is now more urgent than ever, since excessive tax burdens drain economic vitality and dynamism. Furthermore, for Europe as a whole (but with the United Kingdom as something of an exception) fiscal consolidation has yet to yield a decisive cutback in government subsidies to the many inefficient sectors. Such subsidies not only slow the adjustment of weak sectors but also sap the strength of the vigorous and efficient.

### *European policies: toward stronger economic growth*

Mindful of past inflationary excesses, many Europeans have come to believe that employment cannot be raised permanently by macroeconomic policies that boost domestic demand. They argue that the "non-accelerating inflation rate of unemployment (NAIRU)" — the unemployment rate at which an economy can operate for sustained periods without experiencing a rapid rise in inflation — has gone up sharply in Europe. Accordingly, it is said that attempts to lower unemployment through expansionary macroeconomic policies can only result in higher inflation. The argument rests on an interpretation of labor market behavior that judges European unemployment to be predominantly structural or even voluntary, in the sense that the high level of social benefits and the rival income-earning opportunities available in the underground economy inhibit re-

Chart 2

*Eurocurrency interest rates*
*on 3-month deposits, in percent*

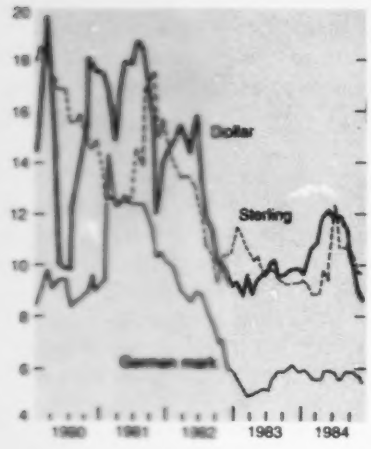
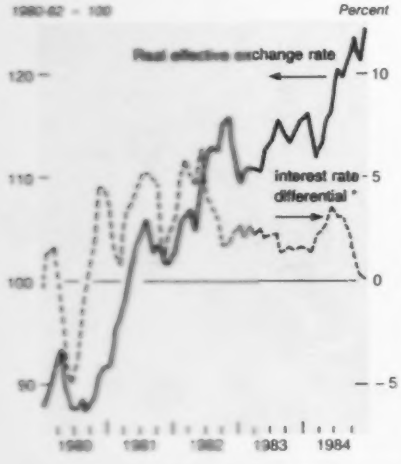



Chart 3

*Real interest rates and the dollar*




* Inflation-adjusted 3-month Eurodollar deposit rate minus GNP weighted average of rates for seven other major Eurocurrencies. The inflation adjustment uses centered 12-month rates of change in consumer prices, including projections for 1985 where necessary.

covery in recognized employment.

There are some elements of truth in this interpretation. Europe's labor markets long have lacked the flexibility of the United States'. They also displayed increasing rigidity in the 1970s. Yet it is hard to discern so crippling a deterioration that the NAIRU could have climbed in lockstep with actual unemployment during the past five years. The empirical record fails to support the extreme positions advanced by some European policymakers, namely that domestic stimulus is 100% ineffectual in spurring economic growth and that it is actually counterproductive when provided through budget deficits. Moreover, there is something of a contradiction in the European antipathy toward domestic policy stimulus while, at the same time, the stimulus of increased exports is gladly accepted.

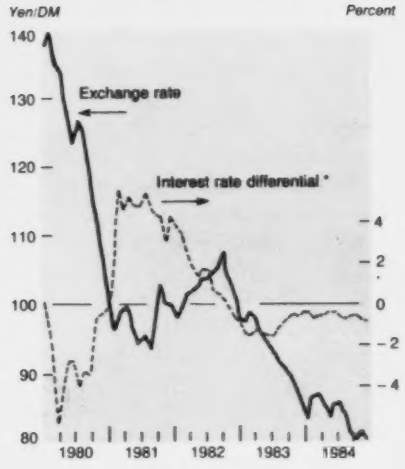
Fears of yet further currency depreciation, and a consequent revival of inflation, also discourage adoption of expansionary policies in Europe. These fears seem exaggerated. Constructively expansionary policies that make Europe a more attractive home for investment may well strengthen European currencies, not weaken them. As for the inflationary fallout from any temporary currency weakening, it is true that Europe's import prices normally rise as a result. But the increase is not in one-to-one proportion to the currency depreciation, since the dollar price of internationally traded commodities tends to decline when the dollar strengthens — petroleum is no exception. More important, the economywide inflationary consequences of higher import prices depend crucially on the degree of formal or informal indexation of wages to prices. Many European countries have made substantial headway in recent years in loosening such indexation. Moreover, heavy unemployment has served to moderate wage growth. The upshot has been an impressive reduction in inflation even in the face of the 53% average depreciation of European currencies against the dollar since 1980. Cautiously expansionary policies, therefore, need not jeopardize continued progress on the inflation front, even if they prompt additional currency depreciation.

Most Europeans agree that the inadequate economic growth of the last five years bears a key responsibility for current unemployment. Many doubt, however, that higher growth can be brought to pass through European initiatives, unless preceded by changes in U.S. policies, particularly on the fiscal front. Cutting the U.S. budget deficit, so the argument runs, would allow an easier U.S. monetary policy. That would breed a decline in real interest rates worldwide, which in turn would boost Europe's own domestic investment. At the same time, lower U.S. interest rates could weaken the dollar. The associated terms-of-trade gain would then raise real disposable incomes and spur private consumption in Europe. Increases in investment and consumption would each benefit European employment.

This line of argument has several flaws. For example, the course of U.S. interest rates this year, especially their significant and ongoing decline since the summer, makes clear that their level need not be at the mercy of the U.S. budget situation. Nor is it evident that European monetary policy is strictly constrained by U.S. interest rates and the strength of the dollar. Earlier this year European interest rates neither rose in line with the major increases in U.S. interest rates nor came down as much once U.S. rates declined (see Chart 2). Though rate differentials may have been a potent influence in the dollar's run-up against European currencies between 1980 and 1982, those dif-

Chart 4

*The mark-yen relationship*




* 3-month Euro-DM deposit rate less 3-month Euroyen deposit rate.

ferentials — whether in nominal or real terms — provide little explanation for the accelerated weakness of European currencies this year (see Chart 3). Moreover, it is noteworthy that the mark has depreciated 36% against the yen since 1980, compared to its 41% depreciation against the dollar (see Chart 4). That cannot have been an interest rate phenomenon.

Altogether, it must be concluded that interest rates have less influence on currency trends than is commonly assumed. This implies that interest rate "decoupling" of Europe and the United States is a workable option, especially for Germany. The lowering of interest rates would conform with Europe's preferred path to economic recovery. What may be questioned, however, is the prevalent European conviction that lower interest rates can by themselves provide a sufficient tonic for investment to spur healthy economic growth and job creation.

### *European economies in a global context*

As the U.S. economic expansion matures, there is growing anxiety about how European and world recovery is to be sustained at a pace sufficient to provide both rising living standards and a major reduction in unemployment.

Exports and investment have fueled the modest economic recovery in Europe since the end of the recession. Exports have been stimulated by currency depreciation and buoyant U.S. economic growth (see Table 12). Investment has been stimulated by the increased demand for exports. It also has been spurred by the desire to implement new technology and cut costs, especially for labor.

To buttress economic growth and increase employment in the face of a slowdown in U.S. demand, European governments need to take reflationary measures. Besides easier monetary policy, the European economic policy mix needs to shift toward easier fiscal policies. The achievement in reducing fiscal deficits over the past few years gives some countries, especially Germany and the United Kingdom, the leeway to pursue more expansionary policies. They can be successful, however, only if the labor market and other structural reforms that have been initiated since the second oil shock are pressed forward in the years ahead. Otherwise, the benefits of expansionary policies may be dissipated in real wage increases rather than job gains.

Given the valid concerns about the role of government and the size of the public sector, fiscal reflation in Europe should eschew increased government spending. Expansionary policies relying on supply-side tax cuts will serve not only to stimulate domestic demand but also to reinvigorate the private sector and improve economic efficiency. European governments increasingly recognize the need for tax cuts. They are a top priority of the British government, albeit within the context of an austere posture toward the budget deficit. Tax cuts are scheduled for 1985 in France. Germany is planning a program to cut taxes by DM 20 billion, 1% of GNP, between 1986 and 1988.

With the exception of Germany to some degree, no single country in Europe can assume an economic locomotive function on its own. France demonstrated in 1982 how a narrowly based expansion can be quickly derailed by deterioration in the external accounts. Europe as a whole, however, faces a lesser constraint, since most of the increase in each country's imports that would be occasioned by faster economic growth would be procured as ex-

Table 12

*Europe's exports to the United States*

*derived from U.S. import data*

| | 1983, as % of country GNP | % change,* Jan-Oct 1984 |
|---|---|---|
| Western Europe | 1.9 | 31.6 |
| Germany | 1.9 | 33.5 |
| France | 1.2 | 35.5 |
| United Kingdom | 2.7 | 13.8 |
| Italy | 1.5 | 47.3 |
| Belgium | 3.0 | 30.0 |
| Denmark | 1.9 | 35.7 |
| Netherlands | 2.3 | 36.4 |
| Sweden | 2.7 | 39.1 |

*From same period of 1983, in dollar terms.

ports of other European countries. Thus, a coordinated expansion across Europe, particularly in the bigger economies, is likely to have only a small effect on trade and current accounts in each individual country.

Nonetheless, in playing a constructively expansionary role in the global recovery Europe cannot expect to avoid deterioration of its current account position altogether. Besides, any reduction in the U.S. current account deficit will have to be matched by lower surpluses or higher deficits in Europe and Japan: the LDCs are unable to run much larger current account deficits in view of their heavy debt-service burdens and their continuing need for adjustment to financial realities. Thus, Europe and Japan will have to generate growth domestically and quit relying on the United States for export-led growth as in the past two years.

## *Statistical appendix*

***For key to data in tables see September 1984 issue.***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Information herein is from sources considered to be reliable but is furnished without responsibility on the part of Morgan Guaranty Trust Company.

# Nominal effective exchange rates

*Index numbers, 1980-82 average=100. Each index shows a currency's trade-weighted appreciation or depreciation measured against 15 other major currencies, using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures. Annual figures are calendar year averages.*

| | United States | Canada | Japan | Australia | France | Germany | Italy | United Kingdom | Austria | Belgium | Netherlands | Spain | Switzerland | Denmark | Norway | Sweden |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pre-June 1970 parities | 114.6 | 114.4 | 69.0 | 116.4 | 111.1 | 66.2 | 226.2 | 147.5 | 80.6 | 91.1 | 82.1 | 143.2 | 51.3 | 113.0 | 92.3 | 119.6 |
| Smithsonian central rates | 103.1 | 121.9 | 77.2 | 116.7 | 109.6 | 68.9 | 220.9 | 146.7 | 90.6 | 92.3 | 82.9 | 142.7 | 53.2 | 110.8 | 90.9 | 117.6 |
| 1980 | 90.7 | 100.4 | 95.5 | 96.0 | 106.5 | 100.0 | 108.4 | 99.8 | 99.4 | 105.9 | 100.2 | 106.5 | 95.4 | 105.1 | 98.2 | 103.9 |
| 1981 | 99.5 | 100.2 | 105.8 | 104.0 | 100.4 | 97.2 | 98.8 | 102.1 | 98.9 | 101.8 | 97.1 | 99.4 | 98.3 | 99.2 | 100.1 | 103.3 |
| 1982 | 109.8 | 99.4 | 98.6 | 100.1 | 93.1 | 102.8 | 92.8 | 98.1 | 101.7 | 92.3 | 102.7 | 94.1 | 106.3 | 95.7 | 101.7 | 92.8 |
| 1983 | 114.2 | 100.8 | 107.8 | 92.0 | 87.3 | 107.6 | 90.3 | 91.6 | 103.6 | 90.0 | 105.0 | 78.4 | 111.5 | 96.4 | 99.4 | 82.2 |
| 1983 | | | | | | | | | | | | | | | | |
| December | 118.0 | 100.4 | 112.1 | 94.2 | 84.7 | 106.8 | 88.0 | 91.8 | 102.8 | 88.2 | 104.1 | 75.8 | 113.8 | 94.0 | 99.5 | 83.1 |
| 1984 | | | | | | | | | | | | | | | | |
| January | 119.1 | 100.5 | 113.3 | 95.5 | 84.1 | 106.5 | 87.6 | 91.5 | 102.6 | 87.7 | 103.7 | 76.3 | 113.8 | 93.6 | 99.2 | 83.4 |
| February | 117.3 | 100.2 | 111.9 | 97.3 | 84.7 | 108.0 | 87.0 | 91.4 | 103.5 | 88.3 | 104.3 | 77.1 | 112.2 | 94.0 | 99.0 | 82.9 |
| March | 115.4 | 98.0 | 114.7 | 97.2 | 85.3 | 109.0 | 87.2 | 89.8 | 104.2 | 89.0 | 105.0 | 77.2 | 111.7 | 94.6 | 98.7 | 83.5 |
| April | 116.7 | 97.5 | 115.7 | 95.1 | 85.2 | 108.6 | 87.3 | 88.9 | 104.1 | 89.0 | 104.8 | 78.1 | 111.3 | 94.0 | 98.9 | 83.7 |
| May | 119.5 | 96.8 | 114.6 | 95.1 | 84.6 | 107.7 | 86.9 | 89.1 | 103.8 | 88.8 | 104.4 | 78.4 | 110.9 | 93.6 | 99.1 | 83.6 |
| June | 120.2 | 96.2 | 113.3 | 93.0 | 84.9 | 108.2 | 87.0 | 88.6 | 104.2 | 88.9 | 104.6 | 78.0 | 110.1 | 93.8 | 99.1 | 83.4 |
| July | 124.2 | 95.4 | 110.8 | 90.3 | 84.6 | 107.7 | 87.3 | 87.7 | 104.1 | 89.3 | 104.0 | 77.3 | 107.9 | 93.7 | 97.4 | 84.4 |
| August | 124.0 | 97.0 | 111.4 | 91.9 | 84.3 | 107.3 | 86.6 | 87.9 | 103.8 | 89.3 | 103.8 | 76.6 | 108.8 | 93.6 | 97.1 | 84.6 |
| September | 127.3 | 98.7 | 113.0 | 92.1 | 83.6 | 106.2 | 85.9 | 87.1 | 103.2 | 88.9 | 103.1 | 76.9 | 109.3 | 93.2 | 96.9 | 85.6 |
| October | 128.5 | 96.6 | 111.0 | 93.6 | 83.7 | 106.3 | 85.7 | 85.3 | 103.2 | 88.7 | 103.2 | 77.0 | 109.8 | 93.4 | 97.1 | 85.6 |
| November | 126.8 | 96.5 | 112.5 | 95.0 | 84.0 | 106.7 | 85.6 | 85.2 | 103.4 | 89.3 | 103.5 | 77.4 | 110.2 | 94.2 | 95.5 | 85.1 |
| October 19 | 129.8 | 96.3 | 111.9 | 93.5 | 83.5 | 105.9 | 85.8 | 84.9 | 103.0 | 88.7 | 103.0 | 76.9 | 110.0 | 93.4 | 95.4 | 86.1 |
| 26 | 127.9 | 96.6 | 112.4 | 94.1 | 83.9 | 106.7 | 85.6 | 84.5 | 103.2 | 88.9 | 103.5 | 76.9 | 110.4 | 93.8 | 95.3 | 85.7 |
| November 2 | 127.3 | 96.7 | 112.2 | 94.5 | 84.0 | 106.8 | 85.5 | 84.7 | 103.3 | 89.1 | 103.5 | 77.3 | 110.4 | 93.9 | 95.4 | 85.4 |
| 9 | 125.3 | 96.5 | 112.7 | 94.6 | 84.4 | 107.0 | 85.6 | 85.9 | 103.6 | 89.2 | 103.6 | 77.5 | 110.7 | 94.2 | 95.4 | 85.1 |
| 16 | 125.8 | 96.4 | 112.6 | 94.5 | 84.0 | 106.8 | 85.9 | 86.0 | 103.8 | 89.2 | 103.6 | 77.7 | 110.3 | 94.5 | 95.6 | 85.1 |
| 23 | 127.2 | 96.5 | 112.1 | 95.1 | 83.9 | 106.6 | 86.0 | 85.2 | 103.6 | 89.3 | 103.4 | 77.5 | 109.6 | 94.3 | 95.6 | 85.3 |
| 30 | 128.7 | 96.4 | 112.4 | 96.1 | 83.8 | 106.2 | 85.8 | 84.2 | 103.3 | 89.3 | 103.2 | 77.2 | 109.9 | 94.2 | 95.5 | 85.3 |
| December 7 | 128.9 | 96.4 | 112.0 | 96.0 | 83.7 | 106.2 | 85.9 | 84.5 | 103.1 | 89.1 | 103.1 | 77.5 | 109.6 | 94.1 | 95.4 | 85.2 |

# Real effective exchange rates

*Index numbers, 1980-82 average=100. Each index is the corresponding nominal effective exchange rate adjusted for differential inflation in wholesale prices of nonfood manufactures. Underlying price data are partly estimated. Index revisions reflect revised price information or, less frequently, adoption of new price indices to measure inflation in one or more countries.*

| | United States | Canada | Japan | Australia | France | Germany | Italy | United Kingdom | Austria | Belgium | Netherlands | Spain | Switzerland | Denmark | Norway | Sweden |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1980 | 99.4 | 99.6 | 103.0 | 93.0 | 102.2 | 103.5 | 103.5 | 99.9 | 100.2 | 107.5 | 99.9 | 100.9 | 98.7 | 103.5 | 96.6 | 101.2 |
| 1981 | 100.6 | 100.0 | 104.6 | 102.7 | 100.1 | 97.3 | 98.7 | 102.3 | 99.1 | 100.3 | 97.6 | 99.4 | 98.7 | 99.2 | 100.9 | 102.1 |
| 1982 | 109.9 | 100.4 | 92.3 | 104.3 | 97.7 | 99.2 | 97.8 | 97.9 | 100.7 | 92.3 | 102.5 | 99.8 | 102.6 | 97.3 | 102.5 | 96.7 |
| 1983 | 112.7 | 103.1 | 96.6 | 100.0 | 95.9 | 99.3 | 100.1 | 92.0 | 101.8 | 92.1 | 101.8 | 90.5 | 105.3 | 98.8 | 101.3 | 91.5 |
| 1983 | | | | | | | | | | | | | | | | |
| December | 115.5 | 103.0 | 98.5 | 103.7 | 95.5 | 97.3 | 96.9 | 92.1 | 100.4 | 90.3 | 99.7 | 90.6 | 106.4 | 95.6 | 101.5 | 94.1 |
| 1984 | | | | | | | | | | | | | | | | |
| January | 116.1 | 103.7 | 99.1 | 105.4 | 94.3 | 96.7 | 100.3 | 91.9 | 102.1 | 89.8 | 100.4 | 91.7 | 106.0 | 95.3 | 101.3 | 95.1 |
| February | 114.1 | 103.5 | 97.7 | 107.4 | 94.5 | 97.7 | 100.0 | 91.9 | 102.9 | 90.0 | 101.2 | 92.9 | 104.3 | 96.5 | 101.5 | 94.7 |
| March | 111.9 | 101.7 | 99.9 | 107.3 | 96.4 | 98.5 | 100.6 | 90.7 | 103.6 | 90.5 | 101.7 | 93.7 | 103.9 | 96.2 | 101.0 | 95.7 |
| April | 113.0 | 101.5 | 100.4 | 105.2 | 96.6 | 98.0 | 101.3 | 89.9 | 103.1 | 90.1 | 101.4 | 95.0 | 103.2 | 95.5 | 101.0 | 95.6 |
| May | 115.8 | 100.5 | 99.1 | 105.6 | 97.2 | 96.9 | 101.2 | 90.2 | 102.5 | 89.4 | 101.0 | 95.6 | 101.7 | 95.5 | 101.7 | 95.7 |
| June | 116.5 | 99.8 | 97.7 | 103.7 | 97.5 | 97.1 | 101.3 | 89.7 | 102.9 | 89.4 | 101.3 | 95.9 | 101.1 | 97.2 | 101.3 | 95.3 |
| July | 120.2 | 99.2 | 95.3 | 100.9 | 97.3 | 96.7 | 101.8 | 89.0 | 102.9 | 89.5 | 100.8 | 95.3 | 98.9 | 95.3 | 99.1 | 97.0 |
| August | 119.7 | 100.9 | 95.8 | 103.1 | 97.6 | 96.0 | 101.4 | 89.3 | 102.7 | 89.2 | 100.6 | 94.3 | 100.2 | 95.7 | 98.4 | 97.7 |
| September | 121.5 | 101.4 | 96.7 | 103.8 | 97.1 | 95.1 | 101.0 | 88.7 | 101.8 | 88.5 | 99.9 | 95.5 | 100.3 | 97.1 | 99.4 | 98.9 |
| October | 123.6 | 100.6 | 96.0 | 105.5 | 97.4 | 94.9 | 100.8 | 86.9 | 101.5 | 87.9 | 100.0 | 95.7 | 100.6 | 97.3 | 99.2 | 99.2 |
| November | 121.6 | 100.6 | 96.3 | 107.5 | 98.2 | 95.2 | 101.0 | 87.0 | 101.7 | 88.2 | 100.3 | 96.6 | 101.0 | 98.5 | 97.5 | 98.9 |

# Eurocurrency deposit rates

*prime banks' bid rates, at or near end of month*

| | | 1981 | 1982 | 1983 | 1984 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Dec | Dec | Dec | May | Jun | Jul | Aug | Sep | Oct | Nov |
| **Eurodollar** | *overnight* | 12.87 | 9.25 | 9.50 | 10.38 | 11.25 | 11.75 | 11.50 | 11.63 | 9.81 | 8.69 |
| | *one month* | 13.31 | 9.12 | 9.69 | 11.06 | 11.75 | 11.50 | 11.69 | 11.00 | 9.75 | 8.81 |
| | *three months* | 13.75 | 9.19 | 9.81 | 11.75 | 12.13 | 11.81 | 11.88 | 11.38 | 10.00 | 9.06 |
| | *six months* | 14.81 | 9.50 | 10.06 | 12.50 | 12.63 | 12.25 | 12.13 | 11.56 | 10.25 | 9.50 |
| | *twelve months* | 14.75 | 9.62 | 10.37 | 13.63 | 13.50 | 12.75 | 12.63 | 11.81 | 10.81 | 10.06 |
| **Euro-Canadian dollar** | *one month* | 15.37 | 10.00 | 9.12 | 10.69 | 11.75 | 12.44 | 12.13 | 11.88 | 11.38 | 10.88 |
| | *three months* | 15.37 | 10.00 | 9.50 | 11.38 | 12.13 | 12.75 | 12.13 | 12.06 | 11.38 | 10.50 |
| | *six months* | 16.37 | 10.13 | 9.75 | 12.31 | 12.69 | 13.06 | 12.38 | 12.00 | 11.56 | 10.56 |
| | *twelve months* | 16.37 | 10.25 | 10.00 | 13.38 | 13.50 | 13.25 | 12.63 | 12.06 | 11.63 | 10.56 |
| **Euro-French franc** | *one month* | 15.75 | 23.00 | 12.12 | 12.00 | 11.81 | 11.38 | 10.88 | 10.94 | 10.38 | 10.69 |
| | *three months* | 17.00 | 24.00 | 12.19 | 13.19 | 12.31 | 11.75 | 11.88 | 11.25 | 10.69 | 10.88 |
| | *six months* | 18.00 | 22.00 | 12.31 | 14.19 | 13.25 | 12.69 | 11.19 | 11.69 | 11.31 | 11.19 |
| | *twelve months* | 18.25 | 19.75 | 12.62 | 14.94 | 14.56 | 13.63 | 12.69 | 12.13 | 11.75 | 11.63 |
| **Euromark** | *one month* | 10.44 | 5.87 | 5.25 | 5.63 | 5.63 | 5.25 | 5.31 | 5.44 | 5.56 | 5.56 |
| | *three months* | 10.50 | 5.87 | 5.87 | 5.94 | 5.88 | 5.75 | 5.50 | 5.75 | 5.81 | 5.56 |
| | *six months* | 10.56 | 5.94 | 6.12 | 6.25 | 6.19 | 6.13 | 5.88 | 5.94 | 5.81 | 5.63 |
| | *twelve months* | 10.25 | 6.00 | 6.37 | 6.81 | 6.75 | 6.56 | 6.19 | 6.00 | 5.88 | 5.69 |
| **Euro-Dutch guilder** | *one month* | 10.75 | 5.12 | 5.81 | 5.94 | 5.94 | 6.13 | 6.06 | 6.00 | 5.81 | 5.63 |
| | *three months* | 10.75 | 5.19 | 6.00 | 6.13 | 6.13 | 6.38 | 6.25 | 6.25 | 6.00 | 5.81 |
| | *six months* | 10.75 | 5.38 | 6.25 | 6.88 | 6.44 | 6.69 | 6.56 | 6.38 | 6.13 | 5.88 |
| | *twelve months* | 10.75 | 5.63 | 6.37 | 6.94 | 6.94 | 6.88 | 6.81 | 6.50 | 6.25 | 6.00 |
| **Euro-Swiss franc** | *one month* | 8.87 | 2.81 | 3.37 | 3.94 | 4.19 | 4.81 | 4.50 | 4.69 | 4.63 | 5.13 |
| | *three months* | 9.25 | 3.25 | 3.75 | 4.06 | 4.44 | 4.88 | 4.69 | 5.13 | 5.06 | 4.94 |
| | *six months* | 9.25 | 3.44 | 3.94 | 4.44 | 4.56 | 5.06 | 4.81 | 5.19 | 5.06 | 4.94 |
| | *twelve months* | 8.50 | 3.44 | 3.94 | 4.75 | 4.75 | 5.06 | 5.00 | 5.06 | 5.00 | 4.94 |
| **Eurosterling** | *one month* | 15.37 | 10.56 | 9.12 | 8.94 | 8.81 | 12.25 | 10.75 | 10.69 | 10.63 | 9.69 |
| | *three months* | 15.69 | 10.44 | 9.31 | 9.81 | 9.44 | 12.25 | 10.69 | 10.69 | 10.50 | 9.69 |
| | *six months* | 15.69 | 10.31 | 9.50 | 10.44 | 9.94 | 12.19 | 10.63 | 10.69 | 10.44 | 9.81 |
| | *twelve months* | 15.37 | 10.31 | 9.81 | 10.94 | 10.56 | 12.13 | 10.75 | 10.75 | 10.56 | 10.00 |
| **Euroyen** | *one month* | 6.12 | 6.75 | 6.25 | 6.38 | 6.00 | 6.13 | 6.38 | 6.13 | 6.13 | 6.50 |
| | *three months* | 6.12 | 6.75 | 6.31 | 6.38 | 6.19 | 6.31 | 6.31 | 6.31 | 6.31 | 6.31 |
| | *six months* | 6.87 | 7.10 | 6.38 | 6.44 | 6.31 | 6.31 | 6.31 | 6.31 | 6.31 | 6.31 |
| | *twelve months* | 6.87 | 6.81 | 6.44 | 6.56 | 6.50 | 6.50 | 6.50 | 6.44 | 6.31 | 6.31 |
| **European currency unit** | *one month* | 14.63 | 12.44 | 8.63 | 9.00 | 9.00 | 9.31 | 9.06 | 9.63 | 9.50 | 9.19 |
| | *three months* | 14.75 | 12.31 | 9.06 | 9.38 | 9.31 | 9.63 | 9.31 | 9.81 | 9.69 | 9.31 |
| | *six months* | 15.00 | 12.00 | 9.44 | 9.88 | 9.81 | 10.06 | 9.94 | 10.06 | 9.81 | 9.38 |
| | *twelve months* | 14.56 | 11.19 | 9.63 | 10.25 | 10.25 | 10.31 | 10.25 | 10.25 | 10.00 | 9.69 |

# International bond issues — by currency

*new issues with a maturity of three years or more, publicly offered or privately placed in the period*
*millions of dollars*

| | 1981 | 1982 | 1983 | 1984 | | | Jan-Nov | |
|---|---|---|---|---|---|---|---|---|
| | | | | Sepr | Octr | Nov | 1984 | 1983 |
| **Eurobonds** | **31 616** | **51 645** | **48 501** | **7 191** | **11 527** | **8 307** | **73 495** | **47 199** |
| *U.S. dollar* | 26 830 | 43 959 | 38 428 | 5 939 | 9 564 | 5 628 | 58 724 | 37 643 |
| *Canadian dollar* | 634 | 1 201 | 1 039 | 161 | 365 | 320 | 1 718 | 983 |
| *German mark* | 1 277 | 2 588 | 3 817 | 346 | 635 | 539 | 4 388 | 3 617 |
| *British pound* | 501 | 748 | 1 947 | 440 | 537 | 670 | 3 758 | 1 839 |
| *Japanese yen* | 368 | 374 | 212 | 61 | — | 490 | 899 | 212 |
| *European composite units* | 309 | 1 980 | 2 019 | 171 | 270 | 516 | 2 834 | 1 957 |
| *Other* | 1 697 | 795 | 1 039 | 73 | 156 | 144 | 1 174 | 948 |
| **Foreign bonds** | **21 369** | **26 397** | **27 822** | **2 149** | **2 628** | **2 612** | **26 252** | **25 845** |
| *U.S. dollar* | 7 552 | 5 946 | 4 545 | 250 | 900 | 200 | 4 887 | 3 710 |
| *German mark* | 1 310 | 2 952 | 2 671 | 190 | 212 | 268 | 1 889 | 2 635 |
| *Dutch guilder* | 481 | 956 | 1 053 | 73 | 159 | 89 | 1 069 | 1 053 |
| *British pound* | 746 | 1 214 | 811 | 101 | 242 | 31 | 1 292 | 768 |
| *Swiss franc* | 8 285 | 11 432 | 14 299 | 1 174 | 704 | 985 | 12 243 | 13 537 |
| *Japanese yen* | 2 457 | 3 418 | 3 772 | 290 | 397 | 945 | 4 403 | 3 475 |
| *Other* | 538 | 479 | 671 | 71 | 14 | 94 | 469 | 667 |
| **Total** | **52 985** | **78 042** | **76 323** | **9 340** | **14 155** | **10 919** | **99 747** | **73 044** |

# International bond issues — by country of borrower

*new issues with a maturity of three years or more, publicly offered or privately placed in the period*
*millions of dollars*

| | 1981 | 1982 | 1983 | 1984 | | | Jan-Nov | |
|---|---|---|---|---|---|---|---|---|
| | | | | Sepr | Octr | Nov | 1984 | 1983 |
| **Industrial countries** | **40 361** | **63 062** | **60 303** | **8 499** | **12 293** | **9 178** | **86 410** | **57 658** |
| *Australia* | 991 | 2 250 | 2 529 | 152 | 567 | 228 | 2 521 | 2 314 |
| *Austria* | 1 557 | 1 668 | 1 290 | 95 | 100 | 94 | 1 951 | 1 165 |
| *Belgium* | 527 | 211 | 1 116 | 479 | 80 | 400 | 1 709 | 1 016 |
| *Canada* | 10 648 | 11 979 | 7 487 | 883 | 613 | 210 | 6 150 | 6 695 |
| *Denmark* | 695 | 1 269 | 1 719 | 233 | 193 | 64 | 3 261 | 1 647 |
| *Finland* | 672 | 815 | 866 | 44 | 279 | 16 | 1 350 | 862 |
| *France* | 3 156 | 8 386 | 6 461 | 586 | 661 | 504 | 7 015 | 6 211 |
| *Germany* | 279 | 1 101 | 3 095 | — | 321 | 125 | 1 872 | 3 016 |
| *Ireland* | 517 | 625 | 959 | 49 | 136 | 124 | 873 | 959 |
| *Italy* | 1 108 | 2 214 | 1 565 | 50 | 1 018 | 649 | 3 213 | 1 529 |
| *Japan* | 6 928 | 8 397 | 13 977 | 877 | 1 121 | 874 | 16 393 | 13 577 |
| *Netherlands* | 630 | 894 | 935 | 110 | 86 | 231 | 1 104 | 870 |
| *New Zealand* | 1 107 | 1 375 | 645 | 120 | 813 | 431 | 1 983 | 645 |
| *Norway* | 530 | 832 | 624 | 216 | 165 | 49 | 990 | 598 |
| *Portugal* | 30 | 206 | 76 | 60 | 20 | — | 325 | 76 |
| *South Africa* | 92 | 374 | 548 | 30 | 108 | 119 | 960 | 443 |
| *Spain* | 444 | 747 | 1 470 | 30 | 593 | 72 | 1 467 | 1 406 |
| *Sweden* | 2 050 | 2 479 | 3 809 | 164 | 739 | 420 | 6 237 | 3 724 |
| *United Kingdom* | 1 408 | 1 201 | 1 398 | 220 | 1 239 | 266 | 4 061 | 1 348 |
| *United States* | 6 770 | 14 538 | 7 325 | 3 789 | 3 312 | 4 125 | 21 054 | 7 235 |
| *Other** | 722 | 1 501 | 2 409 | 312 | 129 | 177 | 1 921 | 2 322 |
| **Developing countries** | **4 886** | **5 003** | **2 535** | **80** | **301** | **351** | **2 543** | **2 514** |
| **Latin American countries** | **3 658** | **2 480** | **71** | **—** | **20** | **82** | **198** | **71** |
| *Argentina* | 195 | — | — | — | — | — | — | — |
| *Brazil* | 60 | 91 | — | — | — | — | — | — |
| *Chile* | 30 | — | — | — | — | 82 | 82 | — |
| *Colombia* | 20 | 35 | — | — | — | — | — | — |
| *Mexico* | 3 012 | 1 919 | — | — | — | — | 19 | — |
| *Panama* | 25 | — | 21 | — | — | — | — | 21 |
| *Venezuela* | 291 | 385 | — | — | — | — | — | — |
| *Other*** | 25 | 50 | 50 | — | 20 | — | 97 | 50 |
| **Asian countries** | **1 068** | **2 075** | **2 252** | **80** | **281** | **269** | **2 255** | **2 231** |
| *Hong Kong* | 70 | 40 | 50 | — | — | 75 | 75 | 50 |
| *India* | 271 | 250 | 60 | — | 20 | 25 | 237 | 60 |
| *Indonesia* | 97 | 412 | 328 | — | — | — | 50 | 328 |
| *Korea* | 323 | 172 | 556 | 60 | 261 | 159 | 1 011 | 535 |
| *Malaysia* | — | 807 | 883 | — | — | — | 540 | 883 |
| *Philippines* | 99 | 50 | — | — | — | — | — | — |
| *Singapore* | 30 | 125 | 70 | 20 | — | 10 | 30 | 70 |
| *Thailand* | 93 | 63 | 265 | — | — | — | 270 | 265 |
| *Other* | 85 | 156 | 40 | — | — | — | 42 | 40 |
| **Middle Eastern and African countries** | **160** | **448** | **212** | **—** | **—** | **—** | **90** | **212** |
| *Egypt* | — | 75 | — | — | — | — | 40 | — |
| *Israel* | 117 | 200 | 135 | — | — | — | — | 135 |
| *United Arab Emirates* | — | 20 | — | — | — | — | — | — |
| *Other* | 43 | 153 | 77 | — | — | — | 50 | 77 |
| **Centrally planned countries** | **75** | **65** | **75** | **—** | **66** | **—** | **116** | **75** |
| *China* | — | 65 | 50 | — | — | — | — | 50 |
| *Hungary* | 20 | — | — | — | 41 | — | 41 | — |
| *Other**** | 55 | — | 25 | — | 25 | — | 75 | 25 |
| **International organizations***** | **7 163** | **9 912** | **13 410** | **761** | **1 495** | **1 390** | **10 538** | **12 797** |
| **Total** | **52 985** | **78 042** | **76 323** | **9 340** | **14 155** | **10 919** | **99 747** | **73 044** |

*Includes multinational organizations. **Includes unallocated. ***Includes COMECON institutions. ****Includes regional development organizations.

# International bond yields

*average yield of several actively traded, high quality issues with a maturity of 7 to 12 years*
*at or near end of month*

| | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Decr | Decr | Aprr | Mayr | Junr | Julr | Augr | Sepr | Oct | Nov |
| **United States companies** | | | | | | | | | | |
| *Eurodollar* | 11.16 | 11.59 | 12.53 | 13.33 | 13.27 | 12.70 | 11.97 | 12.09 | 11.85 | 11.17 |
| *Euromark* | 7.24 | 7.34 | 7.29 | 7.55 | 7.48 | 7.74 | 7.40 | 7.30 | 7.19 | 7.08 |
| *Swiss franc* | 5.70 | 5.83 | 5.63 | 5.94 | 5.78 | 5.76 | 5.69 | 5.72 | 5.78 | 5.70 |
| **European governments** | | | | | | | | | | |
| *Eurodollar* | 12.53 | 12.65 | 13.27 | 14.18 | 14.14 | 13.61 | 13.03 | 12.92 | 12.49 | 12.00 |
| *Euromark* | 8.10 | 8.12 | 7.88 | 8.03 | 8.07 | 8.31 | 7.94 | 7.78 | 7.61 | 7.43 |
| *Swiss franc* | 5.40 | 5.63 | 5.39 | 5.63 | 5.59 | 5.47 | 5.38 | 5.39 | 5.40 | 5.43 |
| *European currency unit* | n.a. | 11.77 | 11.49 | 11.40 | 11.63 | 11.60 | 11.58 | 11.43 | 11.00 | 10.79 |

# Eurocurrency bank credits — by country of borrower

*credits with a maturity of one year or more, publicly announced in period*
*millions of dollars*

| | 1981 | 1982 | 1983 | 1984 | | | Jan-Nov | |
|---|---|---|---|---|---|---|---|---|
| | | | | Sep | Octr | Nov | 1984 | 1983 |
| **Industrial countries** | **86 022** | **42 571** | **38 742** | **2 753** | **3 633** | **4 200** | **69 658** | **35 667** |
| *Australia* | 1 680 | 4 721 | 2 924 | 350 | 698 | — | 2 129 | 2 389 |
| *Belgium* | 360 | 1 172 | 883 | — | — | — | — | 883 |
| *Canada* | 4 112 | 3 838 | 967 | — | — | — | 2 021 | 967 |
| *Denmark* | 1 661 | 789 | 1 586 | — | 104 | — | 1 147 | 1 586 |
| *Finland* | 463 | 631 | 283 | 75 | — | 67 | 157 | 228 |
| *France* | 3 912 | 5 703 | 1 700 | — | 47 | — | 2 702 | 1 700 |
| *Greece* | 1 039 | 770 | 1 085 | — | 300 | — | 945 | 1 085 |
| *Ireland* | 1 361 | 401 | 764 | 307 | — | — | 378 | 621 |
| *Italy* | 6 030 | 3 757 | 2 980 | 21 | 455 | 839 | 3 018 | 2 914 |
| *Norway* | 713 | 1 769 | 1 236 | — | 87 | — | 111 | 610 |
| *Portugal* | 1 590 | 1 388 | 913 | 108 | 54 | — | 857 | 800 |
| *South Africa* | 287 | 1 479 | 752 | 50 | — | — | 410 | 752 |
| *Spain* | 3 242 | 1 849 | 3 041 | — | 249 | 71 | 2 231 | 2 673 |
| *Sweden* | 1 867 | 649 | 3 188 | 84 | 115 | 300 | 4 918 | 3 188 |
| *United Kingdom* | 747 | 1 635 | 1 328 | 335 | 410 | 246 | 3 872 | 1 269 |
| *United States* | 54 784 | 6 516 | 12 948 | 1 083 | 655 | 1 475 | 40 166 | 12 040 |
| *Yugoslavia* | 684 | 719 | 615 | — | 40 | — | 101 | 615 |
| *Other** | 1 490 | 4 785 | 1 549 | 340 | 419 | 1 200 | 4 495 | 1 347 |
| **Developing countries** | **45 264** | **41 519** | **32 937** | **1 972** | **1 234** | **2 704** | **27 462** | **32 754** |
| **Latin American countries** | **30 152** | **26 719** | **15 406** | **455** | **250** | **50** | **13 020** | **15 361** |
| *Argentina* | 2 534 | 1 565 | 1 750 | — | — | — | — | 1 750 |
| *Brazil* | 5 751 | 5 716 | 4 475 | 280 | 100 | — | 7 008 | 4 475 |
| *Chile* | 2 204 | 1 194 | 1 319 | — | — | — | 784 | 1 319 |
| *Colombia* | 1 030 | 741 | 549 | 160 | — | — | 564 | 549 |
| *Ecuador* | 934 | 815 | 431 | — | — | — | 80 | 431 |
| *Mexico* | 7 530 | 7 953 | 5 138 | 15 | — | — | 3 885 | 5 138 |
| *Peru* | 1 407 | 1 069 | 500 | — | — | — | 10 | 500 |
| *Venezuela* | 7 559 | 6 799 | 237 | — | — | — | — | 237 |
| *Other*** | 1 203 | 867 | 1 007 | — | 150 | 50 | 689 | 962 |
| **Asian countries** | **10 288** | **8 403** | **8 828** | **1 408** | **929** | **1 457** | **9 964** | **8 728** |
| *India* | 377 | 284 | 809 | — | 309 | — | 614 | 809 |
| *Indonesia* | 725 | 1 250 | 1 467 | 12 | 24 | 27 | 1 376 | 1 452 |
| *Korea* | 2 824 | 2 923 | 3 250 | 1 030 | 296 | 414 | 4 313 | 3 230 |
| *Malaysia* | 1 725 | 1 909 | 950 | 100 | — | — | 784 | 920 |
| *Pakistan* | 350 | 455 | 365 | — | — | 91 | 191 | 365 |
| *Philippines* | 1 257 | 635 | 819 | — | — | 925 | 925 | 819 |
| *Thailand* | 692 | 268 | 349 | 85 | 300 | — | 943 | 314 |
| *Other* | 2 338 | 679 | 819 | 181 | — | — | 818 | 819 |
| **Middle Eastern and African countries** | **4 824** | **6 397** | **8 703** | **109** | **55** | **1 197** | **4 478** | **8 665** |
| *Algeria* | — | 26 | 1 934 | — | — | 500 | 700 | 1 934 |
| *Egypt* | 63 | 353 | 335 | — | 25 | 61 | 130 | 335 |
| *Morocco* | 774 | 326 | 226 | — | — | — | 115 | 226 |
| *Nigeria* | 1 802 | 2 042 | 1 775 | — | — | — | — | 1 775 |
| *Turkey* | 100 | 277 | 1 106 | 16 | 25 | 500 | 1 241 | 1 106 |
| *United Arab Emirates* | 363 | 93 | 876 | — | — | — | 39 | 876 |
| *Other* | 1 722 | 3 280 | 2 451 | 93 | 5 | 136 | 2 253 | 2 413 |
| **Centrally planned countries** | **1 791** | **765** | **1 212** | **526** | **166** | **433** | **3 320** | **1 012** |
| *East Germany* | 470 | 8 | 392 | — | 40 | 433 | 563 | 392 |
| *Hungary* | 550 | 340 | 683 | 250 | — | — | 1 127 | 483 |
| *Soviet Union* | 25 | 374 | 68 | 276 | 122 | — | 926 | 68 |
| *Other**** | 746 | 43 | 69 | — | 4 | — | 704 | 69 |
| **International organizations*****| **302** | **160** | **1 321** | — | **250** | — | **250** | **1 321** |
| **Total** | **133 379** | **85 015** | **74 212** | **5 251** | **5 283** | **7 337** | **100 690** | **70 754** |

*Includes multinational organizations. **Includes unallocated. ***Includes COMECON institutions. ****Includes regional development organizations.

# Eurocurrency market size

*measured by foreign currency liabilities*
*at end of period, billions of dollars*

| | 1977r | 1978r | 1979r | 1980r | 1981r | 1982r | 1983 | | 1984 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Sepr | Decr | Marr | Jun |
| *Gross market size* | 748 | 946 | 1 245 | 1 538 | 1 814 | 2 038 | 2 101 | 2 148 | 2 224 | 2 222 |
| *Nonbanks* | 150 | 187 | 219 | 274 | 353 | 397 | 415 | 436 | 455 | 451 |
| *Official monetary institutions* | 76 | 86 | 122 | 129 | 114 | 92 | 87 | 89 | 87 | 89 |
| *Other banks* | 522 | 673 | 904 | 1 135 | 1 347 | 1 549 | 1 676 | 1 623 | 1 682 | 1 682 |
| *Eurodollars as % of gross* | 75 | 73 | 72 | 74 | 77 | 79 | 80 | 80 | 79 | 80 |

# Central bank discount rates

*at or near end of month*

| | 1981 | 1982 | 1983 | 1984 | | | | | Current | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Jul | Aug | Sep | Oct | Nov | Dec 10 1984 | effective since |
| United States | 12.00 | 8.50 | 8.50 | 9.00 | 9.00 | 9.00 | 9.00 | 8.50 | 9.00 | Apr 9, 84 |
| Canada | 14.66 | 10.05 | 9.96 | 12.96 | 12.39 | 12.28 | 11.71 | 10.75 | 10.71 | Dec 6, 84 |
| Austria | 6.75 | 4.75 | 3.75 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | Jun 26, 84 |
| Belgium | 15.00 | 11.50 | 10.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | Feb 16, 84 |
| Denmark | 11.00 | 10.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | Oct 27, 83 |
| Finland | 9.25 | 8.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | Jul 1, 83 |
| France | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9 50 | Aug 31, 77 |
| Germany | 7.50 | 5.00 | 4.00 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | Jun 29, 84 |
| Ireland | 17.15 | 14.35 | 11.50 | 13.00 | 13.00 | 13.00 | 13.00 | 14.00 | 14.00 | Nov 27, 84 |
| Italy | 19 00 | 16.00 | 17.00 | 15.50 | 15.50 | 16.50 | 16.50 | 16.50 | 16.50 | Sep 4, 84 |
| Netherlands | 9.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | Sep 9, 83 |
| Norway | 9.00 | 9.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | Jun 6, 83 |
| Portugal | 18.00 | 19.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | Aug 10, 83 |
| Spain | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | Jul 26, 77 |
| Sweden | 11.00 | 10.00 | 8.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | 9.50 | Jun 29, 84 |
| Switzerland | 6.00 | 4.50 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | Mar 18, 83 |
| United Kingdom | 14.37 | 10.00 | 9.00 | 11.88 | 10.38 | 10.38 | 10.38 | 9.38 | 9.38 | Nov 27, 84 |
| Japan | 5.50 | 5.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | Oct 22, 83 |
| New Zealand | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | Jul, 81 |
| South Africa | 13.50 | 15.45 | 18.50 | 20.50 | 22.25 | 22.25 | 22.25 | 21.25 | 21.25 | Nov,84 |
| Argentina | 98.50 | 128.54 | 183.75 | 199.94 | 199.94 | 199.94 | 221.31 | 221.31 | 221.31 | Jul 1, 84 |
| Korea | 10.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | Mar 29, 82 |
| Philippines | 6.69 | 6.30 | 8.05 | 10.97 | 11.52 | 11.36 | 10.93 | n.a. | 10.93 | Oct, 84 |
| Singapore | 9.50 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | Feb 19, 82 |
| Thailand | 14.50 | 12.50 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | Dec 9, 83 |
| Venezuela | 14.00 | 13.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | May 18, 83 |

# Day-to-day money rates

*monthly averages*

| | 1981 | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec. | Dec | Dec | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| United States | 12.37 | 8.95 | 9.47 | 10.29 | 10.32 | 11.06 | 11.23 | 11.64 | 11.30 | 9.99 | 9.52 |
| Canada | 14.53 | 10.63 | 8.78 | 9.72 | 9.78 | 10.75 | 11.41 | 12.25 | 12.13 | 11.95 | 11.22 |
| Austria | 7.50 | 6.00 | 5.75 | 6.38 | 6.50 | 6.50 | 6.50 | 6.63 | 6.63 | 6.75 | 7.25 |
| Belgium | 12.78 | 9.43 | 8.65 | 11.37 | 9.13 | 9.80 | 10.22 | 10.72 | 8.79 | 9.57 | 10.24 |
| Finland | 11.30 | 11.50 | 16.70 | 16.77 | 16.53 | 16.80 | 16.53 | 16.50 | 16.10 | 15.75 | 15.48 |
| France | 15.46 | 12.88 | 12.27 | 12.15 | 12.04 | 12.12 | 11.45 | 11.43 | 11.36 | 11.04 | 11.18 |
| Germany | 10.65 | 6.07 | 5.60 | 5.53 | 5.53 | 5.53 | 5.57 | 5.53 | 5.56 | 5.61 | 5.52 |
| Ireland | 16.88 | 14.54 | 12.19 | 12.12 | 11.75 | 10.94 | 12.00 | 11.88 | 12.38 | 13.50 | 14.25 |
| Italy | 20.63 | 19.00 | 17.88 | 17.25 | 16.93 | 16.75 | 16.75 | 16.63 | 17.34 | 17.38 | 17.25 |
| Netherlands | 10.67 | 5.31 | 5.84 | 5.79 | 5.62 | 5.85 | 5.98 | 5.85 | 5.84 | 5.90 | 5.57 |
| Norway | 18.60 | 11.00 | 13.00 | 13.00 | 13.00 | 12.50 | 12.00 | 12.50 | 13.00 | 13.00 | 13.00 |
| Spain | 18.73 | 20.30 | 16.41 | 11.54 | 11.93 | 11.91 | 11.15 | 12.69 | 12.51 | 10.83 | 12.99 |
| Sweden | 13.82 | 8.63 | 11.48 | 9.65 | 11.50 | 13.50 | 12.95 | 13.50 | 13.50 | 12.50 | 10.95 |
| Switzerland | 3.38 | 1.25 | 1.88 | 2.00 | 2.25 | 2.13 | 2.88 | 2.00 | 2.50 | 2.00 | 1.50 |
| United Kingdom | 9.13 | 6.70 | 7.78 | 6.25 | 3.25 | 5.00 | 8.63 | 10.58 | 7.28 | 7.38 | 7.55 |
| Australia | 12 84 | 11.04 | 4.56 | 13.45 | 13.30 | 11.44 | 11.34 | 10.94 | 10.56 | 10.61 | 10.92 |
| Japan | 6.70 | 6.92 | 6.44 | 5.88 | 5.74 | 5.91 | 6.03 | 6.11 | 6.32 | 6.11 | 6.13 |
| South Africa | 12.75 | 14.15 | 16.06 | 17.25 | 17.25 | 17.25 | 18.06 | 20.30 | 22.63 | 21.50 | 21.50 |
| Argentina | 84.93 | 155.32 | 178.30 | 161.88 | 161.88 | 161.88 | 194.56 | 194.56 | 194.56 | 215.99 | 215.99 |
| Brazil | 103.74 | 150.42 | 184.69 | 217.98 | 198.78 | 228.75 | 283.79 | 242.73 | 285.03 | 328.87 | n.a. |
| Hong Kong | 10.75 | 9.13 | 13.90 | 9.00 | 11.00 | 13.00 | 23.40 | 11.30 | 11.99 | 8.47 | 7.23 |
| Korea | 14.40 | 13.84 | 11.40 | 11.70 | 11.90 | 11.90 | 11.70 | 11.70 | 11.20 | 11.30 | 10.90 |
| Philippines | 14.70 | 16.12 | 31.18 | 17.93 | 33.17 | 40.17 | 39.79 | 29.13 | 34.29 | 40.90 | n.a. |
| Singapore | 3.96 | 11.45 | 7.05 | 8.13 | 7.82 | 6.80 | 7.67 | 8.05 | 8.16 | 7.54 | 6.29 |

# Treasury bill rates

*bond equivalent yields, at or near end of month*

| | 1981 | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| United States | 11.90 | 8.15 | 9.28 | 10.02 | 10.13 | 10.29 | 10.67 | 11.06 | 10.64 | 9.69 | 8.71 |
| Canada | 14.41 | 9.80 | 9.71 | 10.59 | 11.29 | 12.11 | 12.73 | 12.13 | 12.02 | 11.46 | 10.50 |
| Belgium | 16.00 | 12.25 | 10.85 | 11.75 | 11.75 | 11.75 | 11.75 | 11.50 | 11.00 | 11.00 | 10.75 |
| Ireland | 17.35 | 14.70 | 11.63 | 12.35 | 12.10 | 12.08 | 13.23 | 12.81 | 12.71 | 12.90 | 14.80 |
| Italy | 21.36 | 19.11 | 16.95 | 15.45 | 14.99 | 14.85 | 14.99 | 14.99 | 15.40 | n.a. | n.a. |
| Netherlands | 9.75 | 5.63 | 5.63 | 5.38 | 5.63 | 5.88 | 5.75 | 5.75 | 5.50 | 5.63 | 5.63 |
| Spain | n.a. | 15.28 | 14.46 | 12.64 | 12.04 | 11.17 | 10.30 | 9.44 | 8.91 | n.a. | n.a. |
| Sweden | n.a. | 12.90 | 11.75 | 10.99 | 11.83 | 14.20 | 14.12 | 14.06 | 13.80 | 11.83 | 12.04 |
| United Kingdom | 15.31 | 9.90 | 9.08 | 8.59 | 9.99 | 9.08 | 11.77 | 10.22 | 10.39 | 10.06 | 9.34 |
| Australia | 13.27 | 9.39 | 8.54 | 11.89 | 11.81 | 11.24 | 10.60 | 9.74 | 9.60 | 10.75 | 10.98 |
| Japan | 5.42 | 5.42 | 4.91 | 4.91 | 4.91 | 4.91 | 4.91 | 4.91 | 4.91 | 4.91 | 4.91 |
| New Zealand | 11.25 | 11.25 | 7.80 | 7.80 | 7.80 | 7.80 | 7.80 | 7.80 | 7.80 | 13.50 | 13.50 |
| South Africa | 14.55 | 14.62 | 18.43 | 18.64 | 18.64 | 18.44 | 19.69 | 23.02 | 23.02 | 23.03 | 21.82 |
| Brazil | 92.62 | 115.40 | 179.15 | 179.15 | 179.15 | 179.15 | 179.15 | 179.15 | 289.00 | 273.03 | n.a. |
| Mexico | 33.23 | 57.44 | 53.78 | 46.63 | 51.56 | 50.55 | 50.31 | 50.13 | n.a. | n.a. | n.a. |
| Philippines | 13.22 | 14.54 | 15.99 | 17.61 | 20.81 | 28.53 | 33.34 | 37.51 | 42.58 | 46.30 | n.a. |
| Singapore | 3.03 | 2.74 | 2.59 | 2.87 | 3.00 | 3.01 | 3.00 | 3.01 | 3.01 | 3.01 | 2.85 |

# Representative money market rates

*bond-equivalent yields on major short-term (mostly 3-4 month) money market instruments other than Treasury bills, at or near end of month*

| | 1981 | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| United States | 12.78 | 8.81 | 9.75 | 10.50 | 10.94 | 11.63 | 11.36 | 11.58 | 10.94 | 9.59 | 8.84 |
| Canada | 15.25 | 9.95 | 9.87 | 10.75 | 11.55 | 12.50 | 13.05 | 12.30 | 12.25 | 11.80 | 10.80 |
| Belgium | 16.00 | 12.35 | 11.00 | 11.90 | 11.90 | 11.90 | 11.90 | 11.50 | 11.00 | 11.00 | 10.75 |
| France | 15.25 | 12.75 | 12.19 | 12.31 | 12.25 | 12.06 | 11.63 | 11.18 | 10.94 | 10.18 | 10.56 |
| Germany | 10.50 | 6.20 | 6.30 | 5.70 | 6.25 | 6.10 | 6.05 | 5.90 | 6.05 | 6.05 | 5.80 |
| Ireland | 18.50 | 15.75 | 12.19 | 12.88 | 12.75 | 12.50 | 13.75 | 13.25 | 13.06 | 13.75 | 15.38 |
| Italy | 21.00 | 19.00 | 17.88 | 17.25 | 16.75 | 16.63 | 16.63 | 16.63 | 17.25 | 17.25 | 17.25 |
| Netherlands | 11.00 | 5.25 | 5.00 | 5.88 | 6.13 | 6.19 | 6.44 | 6.38 | 6.19 | 6.06 | 5.94 |
| Portugal | 13.80 | 15.05 | 24.11 | 24.04 | 24.00 | 24.13 | 24.65 | 24.53 | 24.60 | 24.52 | n.a. |
| Spain | 15.52 | 16.55 | 18.48 | 15.07 | 14.66 | 13.45 | 12.91 | 13.19 | 12.86 | 12.54 | 12.95 |
| Switzerland | 10.12 | 3.88 | 3.87 | 3.88 | 4.25 | 4.50 | 4.88 | 5.38 | 5.38 | 5.25 | 5.00 |
| United Kingdom | 15.69 | 10.50 | 9.31 | 8.81 | 9.75 | 9.44 | 12.31 | 10.69 | 10.69 | 10.88 | 9.69 |
| Australia | 16.00 | 10.65 | 9.50 | 14.20 | 13.55 | 12.70 | 12.50 | 11.10 | 11.30 | 11.30 | 11.75 |
| Japan | 6.30 | 6.80 | 6.42 | 6.20 | 6.35 | 6.32 | 6.33 | 6.32 | 6.32 | 6.30 | 6.30 |
| New Zealand | 16.05 | 16.75 | 12.10 | 15.00 | 17.00 | 17.00 | 16.50 | 15.25 | 16.75 | 16.25 | 15.25 |
| South Africa | 15.47 | 15.26 | 19.12 | 19.07 | 18.00 | 18.74 | 20.78 | 23.39 | 23.56 | 23.56 | 22.11 |
| Chile | 34.54 | 71.44 | 22.42 | 18.16 | 18.16 | 18.16 | 19.56 | 18.16 | 39.29 | 52.87 | 56.45 |
| Hong Kong | 14.18 | 10.13 | 12.84 | 9.93 | 12.38 | 13.13 | 17.06 | 12.83 | 12.78 | 10.13 | 8.76 |
| Indonesia | 14.48 | 18.50 | 19.50 | 18.50 | 19.00 | 20.00 | 21.00 | 21.00 | 21.00 | 21.00 | 20.00 |
| Korea | 15.69 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Malaysia | 9.50 | 8.50 | 9.80 | 9.10 | 9.20 | 9.70 | 10.20 | 10.50 | 10.30 | 15.00 | 10.00 |
| Philippines | 17.70 | 15.96 | 15.61 | 15.83 | 26.51 | 17.93 | 19.55 | 27.32 | 19.54 | 31.23 | n.a. |
| Singapore | 7.81 | 8.69 | 8.44 | 8.63 | 9.13 | 9.00 | 9.06 | 9.03 | 8.81 | 7.38 | 6.69 |
| Taiwan | 10.94 | 9.94 | 7.65 | 7.31 | 6.15 | 7.77 | 7.27 | 6.62 | 7.27 | 5.17 | 6.17 |
| Thailand | 14.29 | 12.25 | 16.00 | 13.50 | 14.00 | 13.50 | 13.50 | 13.50 | 14.50 | 14.00 | 12.00 |

# Commercial bank deposit rates

*at or near end of month*

| | 1981 | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| United States | 12.62 | 8.25 | 9.70 | 10.50 | 11.50 | 11.70 | 11.38 | 11.58 | 10.95 | 9.95 | 8.85 |
| Canada | 15.20 | 9.85 | 9.82 | 10.70 | 11.50 | 12.45 | 13.00 | 12.25 | 12.20 | 11.75 | 10.75 |
| Austria | 9.63 | 6.25 | 6.50 | 6.56 | 6.88 | 6.88 | 6 88 | 6.94 | 7.06 | 7.38 | 7.63 |
| Belgium | 15.50 | 12.25 | 11.25 | 11.50 | 11.88 | 12.50 | 11.63 | 11 25 | 10.88 | 10.75 | 10.63 |
| Denmark | 10.00 | 9.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Finland | 5.00 | 4.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 |
| France | 9.16 | 8.24 | 7.66 | 7.76 | 7.55 | 7.55 | 7.50 | 7.30 | 7.30 | 7.08 | 7.14 |
| Germany | 9.50 | 6.00 | 5.90 | 5.35 | 5.65 | 5.60 | 5.55 | 5.40 | 5.30 | 5.40 | 5.30 |
| Ireland | 18.38 | 15.25 | 11.75 | 12 50 | 12.50 | 12.25 | 13.13 | 12.75 | 12.75 | 13.25 | 14.75 |
| Italy | 13.25 | 13.25 | 13.25 | 13.25 | 11.64 | 11.64 | 11.64 | 11.64 | 11.64 | 11.64 | 11.64 |
| Netherlands | 11.00 | 5.38 | 6.13 | 5.75 | 6.00 | 6.13 | 6.31 | 6.13 | 6.13 | 6.00 | 5.81 |
| Norway | 12.75 | 13.50 | 12.75 | 12.75 | 12.50 | 12.50 | 12.25 | 12.25 | 12.75 | 12.75 | 12.75 |
| Portugal | 14.00 | 15.00 | 21.50 | 21.50 | 21.50 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 |
| Spain | 11.78 | 12 53 | 12.62 | 12.64 | 12.49 | 12.75 | 12.50 | 12.38 | 12.18 | 11.76 | n.a. |
| Sweden | 12.65 | 12.15 | 11.70 | 10.65 | 11.25 | 13.65 | 13.70 | 13.55 | 13.45 | 11.50 | 11.50 |
| Switzerland | 8.75 | 3.00 | 3.50 | 3 00 | 3.25 | 3.25 | 4.25 | 4.88 | 4.88 | 4.75 | 4.63 |
| United Kingdom | 15.69 | 10.31 | 9.31 | 8.91 | 9.94 | 9.44 | 12.25 | 10.59 | 10.63 | 10.44 | 9.75 |
| Australia | 15.65 | 10.20 | 10.40 | 13.36 | 13.43 | 12.80 | 12.28 | 10.85 | 10.68 | 11.22 | 11.46 |
| Japan | 6.50 | 7.00 | 6.50 | 6.35 | 6.50 | 6.45 | 6 47 | 6.46 | 6.42 | 6.42 | 6.43 |
| New Zealand | 15.50 | 16.50 | 11.50 | 14.75 | 16.50 | 15.00 | 15.00 | 15.50 | 15.25 | 15.00 | 15.50 |
| South Africa | 14.75 | 15.25 | 20.13 | 18.88 | 18.78 | 18.65 | 20.50 | 23.25 | 23.50 | 23.58 | 22.00 |
| Argentina | 86.76 | 103.42 | 176.41 | 158.17 | 158.17 | 158.17 | 188.58 | 188.58 | 270.00 | 320.00 | 285.00 |
| Brazil | 110.05 | 21.00 | 23.00 | 19.00 | 22.00 | 22.00 | 20.00 | 21.00 | 27.00 | 26.00 | n.a. |
| Chile | 36 87 | 57.72 | 22.28 | 18.16 | 18.16 | 18.16 | 19.56 | 18.16 | 15.39 | 58.81 | 66.31 |
| Hong Kong | 12.50 | 7.50 | 9.00 | 8.00 | 9.50 | 12.50 | 12.50 | 9.50 | 9.50 | 8.00 | 7.50 |
| Korea | 14.40 | 7.60 | 7.60 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Malaysia | 10.00 | 8.40 | 7.75 | 7.83 | 8.70 | 8.83 | 8.88 | 8.95 | 9.37 | 10.08 | 10.02 |
| Mexico | 31.82 | 52.54 | 54.70 | 47.30 | 49.00 | 49.00 | 49.00 | 48.35 | n.a. | n.a. | n.a. |
| Philippines | 13.35 | 14.10 | 14.96 | 15.30 | 15.92 | 20.83 | 19.92 | 20.63 | 23.36 | 29.37 | n.a. |
| Singapore | 7.50 | 8.25 | 7.44 | 8.01 | 8.38 | 8.19 | 8.19 | 8.19 | 8.19 | 7.01 | 8.19 |
| Taiwan | 10.75 | 7.50 | 7.00 | 7.00 | 8.75 | 8.75 | 8.75 | 6.75 | 6.75 | 6.75 | 6.50 |
| Thailand | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Venezuela | 14.75 | 15.50 | 12.00 | 11.50 | 12.00 | 12.00 | 12.50 | 12.50 | 12.00 | 13.00 | 13.00 |

# Domestic government bond yields

*long-term issues, at or near end of month*

| | 1981 | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| United States | 14.33 | 10.61 | 12.00 | 12.79 | 13.58 | 13.75 | 12.97 | 12.69 | 12.32 | 11.88 | 11.64 |
| Canada | 15.27 | 11.69 | 12.02 | 13.31 | 13.93 | 13.81 | 13.41 | 12.89 | 12.63 | 12.18 | 11.81 |
| Austria | 10.37 | 8.81 | 8.02 | 7.94 | 7.99 | 8.06 | 8.09 | 8.10 | 8.09 | 8.10 | 8.07 |
| Belgium | 13.99 | 12.66 | 11.89 | 12.08 | 12.19 | 12.13 | 12.05 | 11.82 | 11.85 | 11.74 | 11.85 |
| Denmark | 20.91 | 20.14 | 12.96 | 14.27 | 15.20 | 15.54 | 15.33 | 15.17 | 15.30 | 14.63 | 14.92 |
| Finland | 10.98 | 10.64 | 11.16 | 10.80 | 11.20 | 11.29 | 11.35 | 10.83 | 10.87 | 10.85 | 10.84 |
| France | 16.44 | 15.40 | 13.96 | 13.81 | 13.82 | 13.99 | 13.91 | 13.58 | 13.05 | 11.92 | 12.36 |
| Germany | 9.71 | 7.90 | 8.38 | 8.18 | 8.29 | 8.25 | 8.27 | 7.97 | 7.83 | 7.53 | 7.20 |
| Ireland | 18.28 | 14.54 | 14.25 | 14.14 | 14.49 | 14.58 | 14.89 | 14.95 | 14.98 | 14.99 | 15.25 |
| Italy | 21.39 | 19.70 | 17.69 | 15.74 | 15.71 | 15.47 | 15.12 | 15.22 | 15.58 | n.a. | n.a. |
| Netherlands | 11.28 | 8.16 | 8.58 | 8.45 | 8.52 | 8.68 | 8.69 | 8.50 | 8.26 | 7.94 | 7.65 |
| Norway | 12.37 | 13.32 | 12.50 | 12.25 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Portugal | 17.39 | 16.63 | 22.11 | 22.37 | 21.82 | 21.90 | 21.19 | 20.69 | 21.05 | n.a. | n.a. |
| Spain | 16.20 | 15.92 | 18.71 | 18 64 | 18 69 | 18.18 | 17.66 | 17.14 | 16.66 | n.a. | n.a. |
| Sweden | 12.80 | 13.01 | 12.30 | 11.65 | 12.60 | 14.01 | 14.19 | 13.70 | 12.98 | 12.34 | 12.16 |
| Switzerland | 5.40 | 4.22 | 4.54 | 4.64 | 4.77 | 4.69 | 4.66 | 4.58 | 4.81 | 4.89 | 4.77 |
| United Kingdom | 15.02 | 10.62 | 9.94 | 10.16 | 10.73 | 10.81 | 11.17 | 10.43 | 10.18 | 10.19 | 9.96 |
| Australia | 15.00 | 13.00 | 13.65 | 14.00 | 14.10 | 14.00 | 13.30 | 13.10 | 13.50 | 13.30 | 13.30 |
| Japan | 8.11 | 7.96 | 7.45 | 7.30 | 7.60 | 7.50 | 7.47 | 7.45 | 7.37 | 7.11 | 6.61 |
| New Zealand | 12.55 | 12.84 | 10.50 | 8.97 | 8.50 | 10.06 | 10.25 | 15.03 | 15.31 | 16.60 | 16.30 |
| South Africa | 13.33 | 11.31 | 13.64 | 14.46 | 14.86 | 14.72 | 15.43 | 16.04 | 16.44 | 16.80 | 15.90 |
| Philippines | 13.01 | 13.64 | 14.47 | 18.47 | 18.45 | 19.04 | 12.19 | 20.59 | 38.67 | 27.31 | n.a. |
| Venezuela | 12.50 | 15.00 | 13.50 | 13.50 | 14.00 | 14.00 | 14.00 | 14.50 | 14.00 | 14.50 | 14.50 |

# Commercial bank lending rates to prime borrowers

*at or near end of month*

| | 1981 | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| United States | 15.75 | 11.50 | 11.00 | 12.00 | 12.50 | 13.00 | 13.00 | 13.00 | 12.75 | 12.00 | 11.25 |
| Canada | 16.50 | 12.50 | 11.00 | 11.50 | 12.00 | 12.50 | 13.50 | 13.00 | 13.00 | 12.50 | 12.00 |
| Austria | 13.50 | 11.75 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 | 9.25 |
| Belgium | 18.00 | 15.50 | 13.75 | 14.75 | 14.75 | 14.75 | 14.75 | 14.25 | 14.25 | 14.00 | 14.00 |
| Denmark | 15.00 | 14.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.50 |
| Finland | 9.84 | 8.95 | 10.18 | 10.42 | 10.43 | 10.48 | 10.48 | 10.49 | 10.54 | 10.52 | n.a. |
| France | 14.00 | 12.25 | 12.25 | 12.25 | 12.25 | 12.25 | 12.25 | 12.00 | 12.00 | 12.00 | 12.00 |
| Germany | 13.00 | 8.75 | 7.75 | 7.75 | 7.75 | 7.75 | 7.75 | 7.75 | 7.75 | 7.75 | 7.75 |
| Ireland | 17.25 | 16.50 | 13.75 | 13.75 | 13.75 | 13.75 | 13.75 | 13.75 | 13.75 | 13.75 | 13.75 |
| Italy | 22.50 | 20.75 | 18.75 | 17.50 | 17.00 | 17.00 | 17.00 | 17.00 | 18.00 | 18.00 | 18.00 |
| Netherlands | 12.00 | 6.25 | 7.00 | 6.50 | 6.50 | 6.50 | 6.75 | 6.75 | 6.50 | 6.50 | 6.50 |
| Norway | 13.75 | 14.50 | 13.50 | 13.30 | 12.75 | 13.00 | 12.75 | 12.50 | 13.00 | 13.25 | 13.00 |
| Portugal | 20.50 | 23.50 | 30.00 | 30.00 | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 |
| Spain | 17.04 | 19.00 | 20.85 | 17.96 | 17.55 | 16.19 | 15.49 | 15.27 | 14.36 | 14.11 | 14.29 |
| Sweden | 15.00 | 15.00 | 13.50 | 13.50 | 13.50 | 14.50 | 14.50 | 14.50 | 14.50 | 14.50 | 14.50 |
| Switzerland | 8.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| United Kingdom | 14.50 | 10.00 | 9.00 | 8.50 | 9.00 | 9.25 | 12.00 | 10.50 | 10.50 | 10.50 | 9.50 |
| Australia | 15.75 | 15.00 | 12.75 | 15.50 | 15.00 | 14.75 | 14.50 | 14.00 | 13.00 | 13.00 | 13.00 |
| Japan | 6.95 | 6.28 | 5.89 | 5.75 | 5.74 | 5.73 | 5.72 | 5.73 | 5.73 | 5.72 | 5.72 |
| New Zealand | 13.00 | 13.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 12.50 | 12.50 | 13.50 | 14.00 |
| South Africa | 17.00 | 18.00 | 20.00 | 20.50 | 20.50 | 20.50 | 22.00 | 25.00 | 25.00 | 25.00 | 23.50 |
| Argentina | 92.60 | 109.50 | 188.58 | 170.33 | 170.33 | 170.33 | 206.83 | 206.83 | 280.00 | 330.00 | 295.00 |
| Brazil | 152.40 | 23.81 | 24.00 | 23.00 | 26.00 | 26.00 | 22.50 | 23.50 | 32.00 | 30.00 | n.a. |
| Chile | 61.43 | 85.19 | 35.11 | 34.35 | 33.04 | 32.30 | 32.30 | 30.38 | 35.58 | 78.75 | 95.33 |
| Hong Kong | 16.00 | 10.50 | 13.50 | 12.00 | 13.75 | 17.00 | 17.00 | 14.00 | 14.00 | 12.00 | 11.50 |
| Indonesia | 19.25 | 22.00 | 19.75 | 20.75 | 21.00 | 20.75 | 21.25 | 22.75 | 31.50 | 26 00 | 23.50 |
| Korea | 16.50 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Malaysia | 12.00 | 12.50 | 11.00 | 11.00 | 11.00 | 11.50 | 11.50 | 11.50 | 11.50 | 12.00 | 12.00 |
| Mexico | 31.81 | 46.12 | 56.44 | 51.10 | 50.12 | 50.38 | 50.69 | 50.93 | 50.60 | n.a. | n.a. |
| Philippines | 18.00 | 18.00 | 18.00 | 22.00 | 24.00 | 24.00 | 24.00 | n.a. | n.a. | n.a. | n.a. |
| Singapore | 11.83 | 9.33 | 8.98 | 9.63 | 9.98 | 10.08 | 10.10 | 10.10 | 10.33 | 10.33 | 9.88 |
| Taiwan | 15.25 | 10.75 | 10.25 | 10.25 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Thailand | 17.00 | 16.00 | 16.00 | 17.00 | 17.00 | 17.00 | 17.00 | 17.00 | 17.00 | 17.00 | 16.50 |
| Venezuela | 15.50 | 17.00 | 16.00 | 15.00 | 15.00 | 15.00 | 15.50 | 16.00 | 15.00 | 15.00 | 16.00 |

# Domestic corporate bond yields

*long-term issues, at or near end of month*

| | 1981 | 1982 | 1983 | 1984 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec | Dec | Dec | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
| United States | 15.50 | 11.75 | 12.63 | 13.88 | 13.58 | 14.50 | 13.38 | 13.20 | 12.88 | 12.63 | 12.37 |
| Canada | 16.18 | 12.74 | 12.89 | 14.13 | 14.59 | 14.69 | 13.91 | 13.39 | 13.33 | 12.90 | 12.62 |
| France | 17.33 | 15.91 | 14.06 | 14.23 | 13.88 | 13.77 | 13.77 | 13.77 | 13.77 | 12.84 | 12.58 |
| Germany | 10.50 | 8.20 | 8.30 | 8.00 | 8.00 | 8.00 | 8.00 | 7.90 | 7.70 | 7.60 | 7.30 |
| Netherlands | 11.03 | 7.80 | 8.51 | 8.28 | 8.35 | 8.43 | 8.49 | 8.42 | 8.21 | 7.77 | 7.61 |
| Norway | 13.36 | 14.13 | 13.25 | 13.00 | 12.75 | 12.75 | 12.75 | 12.75 | 12.75 | 12.75 | 12.75 |
| Spain | 14.76 | 17.10 | 19.84 | 22.54 | 22.06 | 21.63 | 21.47 | 21.78 | n.a. | n.a. | n.a. |
| Sweden | 12.94 | 13.37 | 12.21 | 12.04 | 12.23 | 12.41 | 12.73 | 12.78 | 13.18 | 13.19 | 13.21 |
| Switzerland | n.a. | 4.87 | 4.94 | 4.91 | 5.10 | 5.07 | 5.10 | 5.16 | 5.12 | 5.14 | n.a. |
| United Kingdom | 16.65 | 12.34 | 11.57 | 11.48 | 12.11 | 12.69 | 13.06 | 12.15 | 11.74 | 11.79 | 11.45 |
| Australia | 16.50 | 15.00 | 13.50 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Japan | 7.70 | 7.55 | 7.09 | 6.89 | 7.16 | 7.13 | 7.09 | 7.06 | 6.98 | 6.99 | 6.51 |
| Korea | 26.90 | 15.90 | 14.20 | 13.00 | 13.20 | 13.70 | 14.00 | 14.50 | 14.60 | 14.60 | 14.90 |
| Venezuela | 17.00 | 18.00 | 18.00 | 17.50 | 18.00 | 18.00 | 18.00 | 18.50 | 18.00 | 19.00 | 18.00 |